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The Commercial and FINANCIAL CHRONICLE

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Romfh Made Officer Of Florida Banks

MIAMI, FLA.—Laurence Romfh, member of the boards of The First National Bank of Miami, Florida and affiliated institutions, The Coral Gables First National Bank, Little River Bank and Trust Company and First Trust Company, has been made Vice President of the First Trust Company and Vice President and Assistant Trust Officer of the Little River Bank and Trust Company.

Laurence Romfh

He maintains his office at The First National Bank of Miami, where since January he has been Vice President in charge of loans on stocks, corporate and U. S. war bonds, and also manager of the customers securities department.

He is the son of Edward C. Romfh, Founder, President and Chairman of the boards of the four institutions.

In This Issue

Special material and items of interest with reference to dealer activities in the States of Connecticut, Michigan and Missouri appears in this issue.

Post-War Exchange Stabilization Reviewed

By FRANK CIST, Brewster, Mass.

Five tentative proposals for international post-war exchange stabilization are now before our country. Three, the British, the American, and the recently announced Canadian, are official. A French plan is attributed to Andre Istel and Herve Alphand. And a fifth plan has been offered in the "Chronicle" by Charles S. Dewey, Congressman from Illinois. This paper will attempt to review such parts of the plans and of the comments published about them as seem most important from the standpoint of our own interests.

Frank Cist

All these plans envision a battlescarred and hungry world with a large appetite for American products but a small pocketbook from which to buy. War will have drained the belligerents of gold and dollars and will at the same time have so destroyed or perverted their normal productive capacity as severely to limit their ability to ship us goods for goods. Yet if we are to get them on our side in the war we must give them hope, and if we are to restore world trade to safe proportions for the future we must give them help. To these purposes the plans address themselves.

Two primary American interests involved in the plans, accordingly, are that of making them generous enough to be of real help with the war and the subsequent reconstruction, without making them so lavish as to exceed our means. What, at the outset, is the comparative extent to which we commit ourselves financially under each of these plans?

The Dewey plan seems to envision the financing of our export sales abroad only to the extent of purchases by us from foreign countries of strategic war materials. Such materials could be bought by us only as to quantities not needed for industrial use and a rough computation fixes a maximum figure of $500,000,000 as annually available. This compares with the six billion dollars which, according to Benjamin Anderson, was lent by us abroad in the first year and seven months after the last war.

The French plan leaves the amounts to be lent up to us.

The Morgenthau-White plan requires from us a maximum of 25% of a 5 billion dollar fund or about $1,250,000,000.

The Ilsley-Canadian plan increases this fund to 12 billion dollars with the percentage required from us about the same as under the Morgenthau plan.

The Keynes-British plan is more ambitious. It fixes total quotas at about $30 billion dollars with our "quota" about 4.5 billions, but this figure is deceptively small because the "quotas" are borrowing limits and no limit is placed upon what must be lent. Consequently the United States, under this plan, has an obligation to sell goods on credit in amounts which can conceivably add up, not to a mere 5, but to 25 billion dollars. The total can, in fact, be

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A Moratorium For Non-Essential Activities In Wartime

By ERNEST R. ABRAMS

In the thick of the most serious crisis ever to face this Nation, two Federal agencies are forcing some of our industries, supplying the very sinews of war, to divert seriously depleted manpower to non-essential work. In the present emergency, both the Securities and Exchange Commission and the Federal Power Commission have taken the position that they have mandates from Congress to continue certain peace-time regulatory activities, wholly lacking in contribution to the war effort, until Congress, by specific order, directs them to stop. As a result of this insistence upon "regulation as usual," privately owned electric and gas utilities, since Pearl Harbor, have been forced to devote the full-time efforts of 4,800 employees, representing many millions of man-hours, to activities which in no way aid in winning the war.

Ernest R. Abrams

These irrelevant activities arise under the Public Utility Holding Company Act of 1935, which provides for more than regulation and, in some cases, for the dissolution of electric and gas holding companies. While Title I of the Act does grant the Securities and Exchange Commission authority to carry on certain activities directed at the disintegration of holding companies, Title II empowers the Federal Power Commission to compel electric and gas utilities, among other things, to rewrite their books so as to show property values as of January 1, 1937, at their original cost, which the FPC holds to mean the cost of every unit of property to the person first devoting it to public service. It is these activities of the SEC and the FPC which are hindering an all-out prosecution of the war.

Although the other sections of Title I of the Holding Company Act are largely regulatory in character, the objectives of Section 11, and particularly of subsections (a), (b), (c) and (d) thereof, are primarily reformative in their intent. In the main, their requirements are punitive and serve as penalties against public utilities for real and fancied abuses of the past. Yet, so complete and extensive are the regulatory provisions contained in other sections of the Act that past and future abuses cannot arise without the express approval and consent of the SEC. Even if all activities under Section 11 were suspended, the Act would remain an affective piece of regulatory law.

In brief, the provisions of subsections (a), (b), (c) and (d) of Section 11, which comprise the so-called "death sentence," require:

1. The rearrangement of gas and electric utility holding companies into "integrated" systems;

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A Practical Interpretation of Inflation

By HAROLD B. DORSEY*
President, Argus Research Corporation

With stock prices behaving as they have been for the past couple of weeks, it may appear rather incongruous to bring up the subject of inflation. However, fundamental conditions assure us that it will only be a matter of a very short time before mass investor attention is again directed to this issue. As a matter of fact, it is a subject of such paramount importance to the future of the country that everyone should be thinking about it, although the astute investor should have an understanding of the matter at once because this will dictate the type of commitments he should make when the opportunity is presented.


Harold B. Dorsey

We have all of the components of a rather vicious type of inflation in this country at the present time. We have a huge and mounting supply of cash; we have continuing Federal deficits; there is a shortage of labor; and demand for goods and services exceeds supply. Under normal conditions, these basic elements would combine to give birth to the necessary catalytic agent, psychology, and we would be on the way.

However, we also have wartime restrictions which curb rising commodity prices and wages. These restrictions are tolerated because of the war emergency and they can probably hold-the-line reasonably well until victory. The real problem will come when the war is over.

Cash: By next June 30th, we will probably have a supply of cash (demand deposits of reporting member banks plus money in circulation) about three times as large as that of 1937, the last good year before the war broke out. It seems likely that many individuals will cash in their government bonds as soon as peace returns, so that they may buy consumers durable goods or make a down payment on a new home. Insofar as the commercial banks or Federal Reserve have to take these bonds (or their equivalent), we will create an additional supply of cash. Many people will satisfy their desire for all types of goods and services not currently available by borrowing. Meanwhile,

*This article reflects the views expressed yesterday by Mr. Dorsey at the New York Society of Security Analysts' luncheon.

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Boston Traders Get Slate Of Officers

BOSTON, MASS. — Sept. 28, 1943 has been set as the date for the Annual Meeting of the Boston Securities Traders Association.

A Nominating Committee, composed of William F. May, Chairman; Andrew N. Winslow, Jr.; Eugene R. Hussey; John E. Sullivan, Jr.; and Theodore Eldracher have made the following nominations for Officers and Governors:


James B. Maguire

President: James B. Maguire, E. H. Rollins & Sons, Inc.

Vice-President: Paul B. Monroe, Hunnewell & Company.

Treasurer: Howard S. Harris, Baldwin & Company.

Recording Secretary: William S. Duncklee, Brown Bros. Harriman & Co.

Corresponding Secretary: James R. Duffy, Paine, Webber, Jackson & Curtis.

Governor—Two Years: G. Carlton Jordan, Jr., R. W. Pressprich & Co.; Walter J. Connolly, Walter J. Connolly & Co.; Lawrence M. Stevens, Graham, Parsons & Co.

Governor — One Year: James J. Galvin, F. L. Putnam & Co., Inc.; William S. Prescott, Carver & Co., Inc.

Any ten members of the Association may in writing nominate additional candidate or candidates for office. Notice of such nominations, however, must be in the hands of the Secretary at least one week before the annual meeting.

Railroad Earnings Have Turned Downward!

It is becoming evident that the railroads have already established their peak earning power. The trend from hereon is downward.

The rate of increase in railroad traffic and revenues has begun to flatten itself out. For example, June, 1943, operating revenues were 19.8% more than June, 1942, compared with corresponding percentage of 39.7 for January, 43.5 for February, 40.0 for March, 30.8 for April, and 26.3 for May of this year.

War plant construction has already passed its peak, and as the war conversion program has also passed its highest point, it would appear that the railroads, from here on, will reflect production figures alone, without the superimposed traffic which was necessary for the construction of factories, plants, etc. So much for total operating revenues.

The net income of the Class I railroads, after deduction of all fixed charges and taxes, more tersely reflects the declining trend of railroad earnings power. Although the June 1943 net income has not been reported, the ICC has estimated that it may approximate $67,000,000, after all taxes have been deducted—which is substantially below the net income of June 1942. This is the first time in recent years that the monthly totals were below a corresponding month of a previous year. We present below a tabulation showing the twelve months' totals, ending with successive months. The following tabulation, in our opinion, indicates that the crest of earnings was reached in May, if Federal Income Taxes are deducted.

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John R. Meyer To Be A. G. Edwards Partner

John R. Meyer will become a partner in A. G. Edwards & Sons, members of the New York and St. Louis Stock Exchanges, effective today. Mr. Meyer will make his headquarters in the firm's New York City office at 61 Broadway, and will act as alternate on the floor of the Exchange for Gordon D. Stott. He was formerly a partner in Fitzpatrick & Co. and in the past was with Sartorius, Engle & Co.

Foster & Marshall To Admit J. C. Robinson

SEATTLE, WASH. — James C. Robinson will become a partner in Foster & Marshall, 1411 Fourth Avenue Building, members of the New York Stock Exchange, as of August 26.

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NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Cleveland Traders Attending NSTA Meet

CLEVELAND, OHIO — Seven members of the Cleveland Security Traders Association will attend the annual meeting of the National Security Traders Association in Chicago, it is announced by James N. Russell, Gillis-Russell & Co., President of the Cleveland Association.

Those attending are: Edward E. Parsons, Jr. and Carl H. Doerge of Wm. J. Mericka & Co.; Corwin L. Liston of Prescott & Co.; Walter Carey, Robbins, Gunn & Co.; and Mr. Russell. Paul Bowden, Ball, Coons & Co., a national committeeman, and Oliver Goshia of Collin, Norton & Co., Toledo, who is a member of the Cleveland association, will also attend.

Kellett Aircraft Attractive

Ward & Co., 120 Broadway, New York City, members of the New York Security Dealers Association, have prepared a descriptive circular on Kellett Aircraft Corp., manufacturers of the Kellett Autogiro plane and manufacturers and subcontractors of aircraft parts. Copies of this interesting circular may be had from the firm upon request.

Pyramid Financial Corp. Formed In NY

John Squadrito has formed the Pyramid Financial Corporation with offices at 67 Wall Street, New York City, to deal in listed and unlisted securities.

Mr. Squadrito for the past 25 years was an officer of the Credito Italiano, representative office at 2 Wall Street, New York. When war broke out between Italy and the United States the office was taken over by the Government and after being with the Banking Department for some time, Mr. Squadrito formed his own organization.

Sincere & Co. Will Admit J. Donoghue

CHICAGO, ILL. — Sincere and Company, 231 South La Salle Street, members of the New York and Chicago Stock Exchanges, will admit John J. Donoghue to partnership in the firm on Sept. 1.

Thomas E. Hotsy, a partner in the firm, will acquire the New York Stock Exchange membership of Raymond H. Kraebel as of Aug. 26.

Denv. & Rio Grande Offers Interesting Situation

Denver & Rio Grande Western 4s of 1936 offer an interesting situation, according to a circular just issued by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be obtained upon request from Pflugfelder, Bampton & Rust.

S. W. Public Service Possibilities Interesting

Southwestern Public Service Company at current levels offers an attractive speculation according to a detailed memorandum discussing the situation prepared by W. Dameron of the statistical department of Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. Copies of this interesting circular may be had upon request from Ira Haupt & Co.

Riter Of NASD Writes State Commissioners Urging Care In Licensing Applicant Dealers

Henry G. Riter, 3rd, Chairman of the National Association of Securities Dealers, Inc., has written all State Securities Commissioners, urging care in issuing licenses to the many applicants for dealer registration in order to protect investors. In his letter Mr. Riter declared:

"During the last three months membership statistics of our Association have shown an improving trend and in June, for the first time in nearly two years, there was a net gain. This might be expected to be very gratifying to us and to some degree it is. It has come about, we believe, because of the improvement in the state of the securities business over the past six months or more.


Henry G. Riter, 3rd

"As I have said, this return of people to the securities business is gratifying to a degree. On the other hand, I am wondering if it also does not offer somewhat of a challenge, particularly to organizations and bodies responsible for surveillance of those who seek to enter and who engage in the securities business. While a return of reputable and honest individuals who can render a needed and valuable service to the investor is a very desirable development, there is also, I think, the danger that the conditions which prompt the desirable element to return to the securities business would also attract the undesirable elements. It is my concern over the latter possibility that prompts me to write to you and to your contemporaries in other States.

"As you know, our Association is charged with the responsibility of administering rules regulating conduct of its members, such rules having their legal origin in the legislation passed by Congress permitting the establishment of securities associations such as NASD. Our rules for admission

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The Myth Of An Early Peace

They say that peace is "just around the corner"—that army of armchair strategists who so vastly outnumber the men of the armed forces. They tell us, and they are genuinely aggrieved when we have the temerity to differ with them, that it will be "all over by Christmas," or Thanksgiving, or Labor Day, or whatever nearby date their fancy conjures up for the purpose.

We wish that we could agree with them. We sincerely wish that we could accept the astonishing swiftness and utter completeness of the splendid victories in Tunisia and Sicily as harbingers of equally wonderful things to come in the very near future. Come they will in time, but many long and wearisome months may pass before the Stars and Stripes wave over the ramparts of Berlin.

* * *

The most vivid recollection of Tunisia is of a powerful Axis army being driven from pillar to post to final annihilation. It has been easy to forget the long, tedious months of painstaking preparation that went before. The similar preparatory periods that preceded the Libyan and Sicilian campaigns. We now know that the Tunisian campaign was planned a year ago; the Sicilian affair six months ago. All in all, since this war began we have transported some 2,000,000 men and 20,000,000 tons of supplies to destinations in fifty different countries. And today, after all those long months, and after all those great victories, we have yet to set foot upon the soil of Europe.

* * *

The policies of our military leaders seem to follow clearly defined lines. They call for placing the most magnificent weapons the world has ever known in the hands of the private soldier. They call for the supplementing of these with the finest mobile artillery, tanks and auxiliary equipment that human ingenuity can devise. Finally, they call for the protection of a vast air umbrella composed of the swiftest and

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NSTA Advertising Notes

Thanks to **Don W. Miller** of **McDonald-Moore & Co.** and **Charles Bechtel** of **H. V. Sattley & Co.** who constitute our **Detroit** affiliate's advertising committee a couple of more ads have just come to hand from Detroit firms.

As was to be expected **Al Tryder** of **H. T. Greenwood & Co.** has come through in good style with business from **Philadelphia.**

Don Summerell of **Merrill Lynch, Pierce, Fenner & Beane, Los Angeles,** who is also President of the Los Angeles affiliate, has been helpful on the business-getting end in his City, too.

Please bear in mind we can handle advertisements and booster listings up until August 23rd. We can certainly use more contracts. A great surprise is awaiting you when the meeting is called to order on August 20th in Chicago. Let all of us boosters of the NSTA get busy and make a final stab at getting in some booster listings and ads. Make the last shot count.

Our special Annual Meeting issue of the "Chronicle" will appear August 26th so look for your firm's ad and your name and your firm's in the paid roster of boosters. Everybody else will be looking for it.

Harold B. Smith, Chairman
NSTA Advertising Committee
Collin, Norton & Co.
30 Pine Street
New York 5, N. Y.

Nat'l Security Traders Ass'n Opens Two-Day Meeting Friday; 300 Expected To Attend

More than three hundred security traders from principal financial centers of the country will gather in Chicago Friday at the Palmer House for the opening of the two-day annual meeting of the National Security Traders Association, Inc., where members will hear Patrick B. McGinnis, noted railroad security specialist, and Carl H. Chatters, municipal expert, deliver the principal addresses.

Mr. McGinnis will address the railroad forum on "Railroad Securities in the Post-War Era." He is one of the most authoritative specialists on rail securities in the country and frequently testifies before the ICC and other regulatory bodies. Mr. Chatters will address the municipal forum on "The Position of Municipal Finance in the Post-War World." He is executive director of Municipal Finance Officers Association of the U. S. and Canada.

Twenty-three regional security traders associations, including the Bond Traders Club of Chicago, Inc., are cooperating with the national Association in sponsoring the meeting which is being streamlined into two days with all entertainment functions eliminated. Larry Higgins, Hulburd, Warren & Chandler, and Leo J. Doyle, Doyle, O'Connor & Co., are handling hotel and registration arrangements.

Says British Did Not Repudiate Debt

Editor: The "Commercial and Financial Chronicle," New York.

In your issue of Aug. 5, Mr. J. H. Harrison seeking to soft-pedal the repudiation he thinks awaits our astronomical mounting debt, writes that "England repudiated her debt to us, but seems to have plenty of friends in the United States."

No repudiation, however, can be laid at Britain's door.

A brief summary of the British transactions may be useful. Besides lending her Allies eight billions (much of it spent here but hardly any ever repaid her), her purchases in this country for the prosecution of the war of 1914-1918 totaled over ten billions, or $10,315,000,000. Of this she paid $3,341,000,000 in cash for war supplies from August 1914 to April 1917.

After America's entry into the war, supplies to the amount of $4,074,000,000 were bought here through the United States Government. The Treasury disbursed the money to our manufacturers and shippers, and debited the British government. Additional supplies, however, were bought concurrently during 1917 and 1918, and paid for in cash, to the amount of three more billions. (See: American Foreign Debt Commission Report, pp. 91-93.)

From 1923 to 1933 Britain paid the United States Government on account of the above four billion debit no less than $2,045,000,000. (Most statisticians agree that this represents at peace-time prices the full value of the goods.)

The funding agreement of 1925 stipulated over seven billions of interest on the four billions, so that the 1923-1933 payments went mostly to interest on the Treasury's books!

Franklin D. Roosevelt wrote in "Foreign Affairs" in July 1928: "We have wanted to eat our cake and have it too; while exacting payment we have made it doubly hard for them to pay." He referred to our tariff barriers, twice raised by us during the post-war period. Payments were thus virtually in gold, and they dislocated world finance, and finally drew Britain off the gold standard. (Our devaluation followed.)

On June 15, 1933—six months after Britain's last full semi-annual payment (in bar gold) on Dec. 13, 1932, amounting to $95,000,000—she made a token payment of 10%, followed by another on Dec. 15, 1933.

Mr. Stanley Baldwin uttered solemn warnings, delivered to the United States Secretary of State, of the catastrophic effects on the world's economy, of continued payments otherwise than in goods. But in April, 1934, the Johnson Act was passed, and Britain was notified by the Treasury in the following June that token payments would no longer be accepted in avoidance of default.

It is difficult to see how, when, and where the British government has been guilty of repudiation throughout the history of the case as presented above.

ERNEST F. BARRY,
Statistician.

Boston, Mass., Aug. 11, 1943.

R. V. Mitchell Named To Copperweld Steel Board

The election of R. Verne Mitchell to the board of directors of the Copperweld Steel Co. has been announced. Mr. Mitchell is Chairman of the Executive Committee of McDonald, Coolidge & Co., investment bankers, Cleveland. He is President of Harris-Seybold-Potter Company, Cleveland, manufacturers of printing-press equipment and is a director of Thompson Products, Inc., Cleveland; General Printing Ink Corp., New York, and Cornell-Dubilier Corp., South Plainfield, N. J.

Barnard Dean Favors Drafting Of Women

The drafting of women is advocated by Virginia C. Gildersleeve, Dean of Barnard College, whose views on the subject were expressed on Aug. 16, following her return from a 5-week educational study in England, where, she noted, women have been conscripted for several years. The New York "Journal-American" of Aug. 16 in reporting Dean Gildersleeve's views quoted her as follows:

"There is no reason why women should not be drafted just as men are for the armed forces or for any work necessary to the national war effort.

"I have always thought we should be compelled, eventually, as England has been, to draft women.

"The manpower situation here is getting worse, and although the United States has three times Britain's population, things are getting tight here, and things generally work out very much the same way in both nations."

Dean Gildersleeve made a study of the operation of the women's draft in England.

"The girls there seem to accept it as a matter of course," she said. "It applies to all social classes."

Dean Gildersleeve returned full of admiration for the great social changes going on in England, particularly in the field of education.

Warns Of Dangers Of International Police

The American Legion National Commander, Roane Waring, warned the department of California at its annual convention on August 16 "about some of this talk about an international police force," said a special dispatch from San Francisco to the New York "Times" on Aug. 16, which also stated:

He was not interested in an international police force, he said, because he did not know "who will command it" or "who will decide what that force is going to fight for and sustain."

"I am only interested in a national defense force, an American Army and Navy that will fight for the dictates of our American judgment, regardless of what any international court or society of people may decide," he went on.

Describing himself as "a nationalist," not an "isolationist," he opposed "placing the destiny of this America of ours in the hands of any international organization of any kind under any circumstances."

He declared that he did not want to "let some other foreign group of governments decide what America's policy shall be, what America's financial interests shall be, whom America will feed, supply and support," but was "ready to let that remain in the hands of the American people."

He called upon the country to "take a definite stand in world affairs," assume its responsibility and "stand ready to execute it, but execute it through the laws of an American Congress."

He "resented," he declared, that while we executed "a few German submarine men, who came to this country following the orders of their government to sabotage America," we then "turn around and let John L. Lewis sabotage ten thousand times as much war production as those men could possibly have done, and we let him walk the streets of America a free man."

"There is something wrong with our theory of justice and our theory of government when we do that," he went on, explaining, however, that he agreed it was proper to execute the Nazi saboteurs. He denounced "a weak, uncertain and vacillating policy in Washington dealing with labor and production" and praised the Smith-Connally law as "a step forward."

Lauds Saxon Article On Post-War Debt

I read the article "Can the U. S. Support a Three Hundred Billion Dollar Debt," a subject in which I am much interested. I think the article was a fine one and I agree with the conclusions. Anyone who can do simple addition should know that the expenses and expenditures proposed cannot be met and that a lot of the give-away plans are a bunch of hooey which never will materialize for the principal reason that these funds will not be available.

However, I am sufficiently optimistic to believe that with elimination of waste and a proper budget that this country can meet its obligations and I think the final outcome will be somewhat between the two.

I have a number of friends who I am sure would like very much to have copies of this report, and if you could send me a dozen or more I would be very much obliged to you. — *Charles Stewart Mott, Flint, Michigan.*

Jos. D. King Now Is With Faroll Brothers

(Special to The Financial Chronicle)

ROCKFORD, ILL. — Joseph D. King has become associated with Faroll Brothers, 208 South La Salle Street, Chicago, Ill., members of the New York and Chicago Stock Exchanges. Mr. King was formerly a partner in King and Conrads of Rockford.

The former partnership of King and Conrads has been dissolved and a new partnership consisting of Paul Edward Conrads and Mrs. Lelia King has been formed to continue the business.

We Must Make Up Our Minds

Editor, "Commercial and Financial Chronicle":

As the war—in its European phase, at least,—draws nearer its close, with victory for the Allies assured, it becomes increasingly necessary for the American people to make up their minds in regard to the economic policies they intend to follow when peace comes.

All hands are agreed that after this war there must be no return to the condition of restricted production and widespread unemployment which marked the period of the depression. While few believe we can escape a difficult period of readjustment, there is universal determination that American policy shall be oriented toward maximum production and full employment. This is the sacred duty we owe to the men who have given their all to win the war. But so far, we are sharply divided among ourselves as to how this is to be accomplished.

Under our free economy, where goods are produced primarily for sale, production is limited to the amount that can be sold at a profit sufficient to induce entrepreneurs to take the necessary risks. If we are to maintain maximum production and full employment, therefore, we must be able to find buyers for the goods we produce. Otherwise, unemployment will again set in motion the deflationary forces which precipitated the last great depression.

There are two principal schools of thought in regard to how this problem is to be met. On the one hand, there are those who believe that prosperity for the United States depends upon the development of foreign markets for our "excess" manufactured and agricultural products.

The other school of thought holds that the day has passed when the export trade could be depended upon to absorb our "excess" products; the United States being now a creditor nation, the only way in which we can maintain maximum production and full employment is by developing the **internal market**, depending upon foreign trade only to the extent necessary to pay for those products we do not produce ourselves.

As these two policies require radically different social and political attitudes and techniques, they cannot be followed simultaneously without leading to endless domestic confusion and strife, and also to a wavering and contradictory foreign policy.

We must therefore make up our minds at the earliest possible moment which is to be our policy in the near future.

Prosperity Through Foreign Trade and Foreign Investments

In considering the possibility of achieving lasting prosperity through foreign trade and foreign investments, we must take into account the fact that the United States is one of the few countries that produce an exportable surplus of both agricultural and manufactured products. Our situation is therefore quite different from that of countries which must export manufactures to pay for the food they are not able to produce for themselves, or from countries which produce largely raw materials and food to be exchanged for manufactured goods. If, for example, in the post-war period, Germany should seek to pay for imports of American wheat and lard by sending us manufactured goods in return, our manufacturers and industrial workers would undoubtedly de-

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Railroad Securities

Southern Pacific stock has held up relatively well in recent periods of general nervousness in the speculative rail lists, and many rail men still view it as the most attractive of the so-called marginal roads both for near term speculative purposes and for longer term potentialities. One very strong feature of this road has been the consistent and rapid progress that has been made in the debt reduction program. Not only is this program gradually reducing the burden of fixed charges to a level considered supportable under a return to normal business cycles, but, also, it is gradually eliminating the spectre of the very heavy near term maturity problems. As this program progresses further, there is a general expectation that the company's stock will assume somewhat more of an investment stature.

Due to its extensive property rehabilitation and equipment programs, which incidentally have been paying very handsome dividends in recent years in increased operating efficiency, Southern Pacific did not get started on its debt retirement until 1940, and then only in a small way. The real efforts started in 1941 with retirement or acquisition of $34,441,000 of non-equipment debt and were augmented by roundly $31,000,000 last year.

In 1943 the pace of retirements has been accelerated, with indications that the reduction in debt outstanding with the public (exclusive of equipments) in the first half was about as large, if not larger, than for the full year 1942. In all, roundly $100,000,000 of debt had been retired or acquired from the beginning of the campaign through July 1, 1943, representing about 15% of the non-equipment debt outstanding at the beginning of 1940.

Despite these retirements, financial position remains notably strong. As of the end of May cash items aggregated $138,737,000 in addition to which there were more than $52,000,000 of miscellaneous accounts receivable. Most of these are due from the United States Government and may be considered the equivalent of cash. In addition, it is indicated that the company had some $20,000,000 of Government bonds not included in current assets. The aggregate of these liquid items had increased nearly $150,000,000 since May 31, 1942.

With this financial background further substantial debt retirement may be taken for granted. This is particularly so in view of the highly favorable earnings outlook. Even if the European war were to come to a relatively early end the capacities of transcontinental carriers such as Southern Pacific would be taxed to the utmost as the Pacific phase of the conflict was intensified. A high rate of operations and earnings seems assured at least through all of 1944, not even taking into account that most experts are confident of continued good general business for a number of years after the war.

The debt reduction program has been concentrated on the nearer term maturities, and this policy will likely be continued even though a larger face value of the longer maturities could be retired with a similar outlay due to their wider discounts from par. The debt due within 10 years had been reduced at least to $188,000,000 by July 2, 1943. As the records are not complete it may be even lower than that. By the end of the year it may well be down to $150,000,000 and considering the well defined traffic prospects it should amount to no more than $95,000,000 by the end of 1944.

To refund that debt the company would have available a first lien on all of the Texas & New Orleans property, virtually all of the Central Pacific property and the San Francisco terminal, as well as miscellaneous securities, including the valuable Pacific Fruit Express stock. In addition to easing the maturity problems, this anticipated debt program (considered the minimum and with the possibility of much greater progress) would reduce charges to around $22,500,000. This would compare with charges of $31,688,000 supported in the depression of the early 30s and would be considered low enough to assure a good credit standing for the system. With this prospect the stock is entitled to sell at a far more liberal ratio to current earnings. Earnings were close to $25 a share for the 12 months through June, 1943.

Attractive Situations

Blair F. Claybaugh & Co., 72 Wall Street, New York City, members of the Philadelphia Stock Exchange, have prepared interesting circulars on Ft. Dodge, Des Moines & Southern Railway (4s of 1991 and common), Utica & Mohawk Valley Railway ($4\frac{1}{2}$s of 1941), and Consolidated Dearborn (common), which the firm believes offer attractive possibilities at current levels. Copies of these circulars may be had upon request from Blair F. Claybaugh & Co.

Missouri Brevities

Mercantile-Commerce Appointment

Robert N. Arthur, Assistant Trust Officer, Mississippi Valley Trust Company, St. Louis, **will join the Mercantile-Commerce Bank and Trust Company** in the same capacity effective Sept. 1. Mr. Arthur has a BCS degree from St. Louis University; an LLB from the Benton College of Law and holds a certificate from the Graduate School of Banking, Rutgers University. He is a past-President of the St. Louis Chapter of the AIB and at present is active in many civic and business organizations among which are the following:

Treasurer and Director of Central Institute for the Deaf;

Secretary and Director—Bethesda General Hospital;

Member of the Board—Big Brother Organization;

President—St. Louis Corporate Fiduciaries Association;

Member of the Board—St. Louis Life Insurance and Trust Council.

NSTA Annual Meeting

St. Louis and Kansas City investment dealers are expected to be well represented at the Annual Meeting of the National Security Traders Association to be held at the Palmer House, Chicago, Aug. 20 and 21. Jerome F. Tegeler of Dempsey, Tegeler & Co., St. Louis, has been nominated as second vice-president.

Henry Richter, President of the Security Traders Club of St. Louis has sent out a letter urging members to attend and participate in the discussion of the idea to have all over-the-counter securities traded on National Exchanges. This plan is being sponsored by the President of the Baltimore Stock Exchange; however, considerable opposition is expected from Missouri Investment dealers and the managements of Missouri Companies whose securities are unlisted.

National Candy Earnings Up

National Candy has continued to advance into new high territory and is easily the most discussed local industrial issue. Estimated earnings for the six months ended June 30, 1943, total $626,034, equal to $2.89 per share of Common compared with $586,078 or $2.69 per share in the first half of 1942. June quarter net was $1.49 per share versus $0.95 in the 1942 quarter. Nothing of a tangible nature has been disclosed regarding possible sale of the corn products division rumored for weeks. Stock recently sold up to a high of 38½ compared with a low this year of 14⅜.

Hussmann-Ligonier Loss

At least one prominent St. Louis company has reason to complain about the ill effects of the war and war contracts on its business. Hussmann-Ligonier Company reports a net loss of $15,758 in the six months ended June 30, 1943 compared with a profit of $103,365 or $0.52 per share of Common in first half of 1942. Peace-time activities of the Company included manufacture of commercial refrigerators and food store equipment, such as electric coffee mills, food choppers, and scales. It is understood that contract prices on sales to the Government have been too low to permit profitable operations on the basis of the volume of business. Recently civilian sales restrictions have been eased slightly. Pre-fabricated houses are built by the Ligonier, Indiana Division.

Anheuser-Busch Enters New Field

St. Louis traders were pleasantly surprised last week by the release of publicity on Anheuser-Busch's new Synthetic Meat discovery. While rumor had reached the street that this firm's research laboratories were developing some products unusual in character, no one was quite prepared for a development as unique as Synthetic Meat. More startling was the news that the product had actually been in use for some time in substantial volume by our Army and Lend-Lease. Composed primarily of molasses, ammonia, water, air and yeast, this product is a development of the Anheuser-Busch Yeast Division, and appears to offer a new field having tremendous potentialities. As "Time" magazine in its August 9th issue aptly put it: "The World's Cattle May Well Be Heading For The Last Round-Up." Obviously, this broadening of its activities lent strength to the market for the Company's stock, and within the past week Anheuser-Busch, Inc. Capital Stock has moved from 69 to 79 with a substantial buying interest being shown by out of town sources.

Glider Tragedy

The St. Louis investment fraternity along with the entire citizenry of St. Louis were deeply shocked and grieved by the recent Glider accident at the local airport, which took the lives of a group of its most prominent citizens.

In addition to Mayor William Dee Becker, the following men well known in the investment business met their death: Thomas N. Dysart, President of the St. Louis Chamber of Commerce, had previously been connected with Wm. R. Compton & Co. and later was a partner of the firm of Knight, Dysart & Gamble up to the time of its dissolution. As one time President of the Investment Bankers Association of America, he had a host of investment banking friends throughout the country. Another victim, Charles L. Cunningham, Deputy Comptroller of the City, primarily in charge of its fiscal affairs. was widely known by Municipal Bond men and was always an able and courteous source of information regarding the City's finances.

Thompson With AMGOT

Arthur F. Thompson, Jr., Vice-President of Harvey Fisk & Sons, Inc., who is on leave of absence, has been commissioned a captain in the AMGOT.

Attractive Possibilities

Federal Water & Gas Company offers attractive possibilities at current levels, according to an interesting circular issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of this circular may be had from the firm upon request.

Railroad Earnings Have Turned Downward!

(Continued from page 686)

Net Income for 12 Months' Period Ended With Month Indicated

	—After all tax reduction—		Before deduction for —Federal income taxes—	
Month—	Amount in thousands	% of inc. over preceding total	Amount in thousands	% of inc. over preceding total
January	$997,895	4.1	$1,824,887	6.2
February	1,038,198	4.0	1,933,932	6.0
March	1,077,740	3.8	2,052,571	6.1
April	1,103,164	2.4	2,147,108	4.6
May	1,125,184	2.0	2,223,203	3.5
June	1,114,711	*.9	2,265,023	1.9

*Decrease.

The decline in railroad earning power is also evident before deducting Federal Income Tax. While the above tabulation shows that the percentage increase is flattening out, it is likely that these figures will result in decreases before the year is over.

It has generally been a truism in railroad affairs that the step-up in operating revenues would not bring with it immediately a corresponding step-up in expenses, and that the expenses would lag. Since we have observed that the operating revenue of roads is beginning to slow down its rise, and since, on a comparative basis, the net income is also beginning to decline, it may be assumed that the monthly comparisons, from here on may reflect, progressively, wider declines throughout the last six months of 1943. In the first place, gains in traffic (and revenues) will narrow as comparisons are made with the high levels of late 1942. Furthermore, increased tax accruals and larger depreciation charges will begin taking toll of the net income figures. Prospective wage changes will also heighten the unfavorable contrast.

Previous to the maximum war traffic, students of railroad affairs have pointed out that the large pick-up in traffic—and therefore in earnings — will reflect itself in a larger increase in the cash position and current assets of the roads. They have pointed out that current assets could be successfully used by railroads to retire their debt structures.

Although the amount of temporary cash investments of railroads is large—aggregating $2,324,600,000, on May 31, 1943—the amount of the accrued tax liability is also large, amounting to $1,351,600,000 on the same date. The ratio of current assets to current liabilities has changed but little since the beginning of the year.

1943 (End of Month)	Current assets (millions)	Current liabilities (millions)	Ratio
January	$3,111	$1,862	1.67
February	3,407	2,037	1.67
March	3,448	1,979	1.74
April	3,646	2,112	1.73
May	3,887	2,294	1.69

Nothwithstanding a large change in totals, the ratio of assets to liabilities at the end of May 1943 (1.69), was almost the same as at the end of May 1940 (1.70).

Current railroad stock prices have little relationship to current earning power. Therefore, the declining trend of railroad earning power may not importantly influence the prices of railroad equities. However, it is significant to point out that in 1937 the then declining earnings trend brought with it declining stock prices.

While it is difficult to maintain definite conclusions because of imponderables, including the duration of the war, the level of industrial activity in the post-war period, etc., nevertheless the declining earnings trend under present war conditions suggests a cautious policy toward rail securities. A tentative conclusion, however, can be that railroad earning power has already passed its peak, and that even though operating revenues should stabilize the increased tax accruals, higher costs and increased depreciation will make for unfavorable earnings comparisons from here on.—**H. L. Federman, Statistical Department, Ira Haupt & Co.**

Frank Ginberg Of Strauss Visiting In Chicago

Frank Ginberg, statistician of Strauss Bros., 32 Broadway, New York City, is visiting Chicago this week for the NSTA Convention and will be available for consultation with dealers at his firm's Chicago office in the Board of Trade Building.

Wood, Struthers Co. To Admit Gantz and West

Wood, Struthers & Co., 20 Pine Street, New York City, members of the New York Stock Exchange, will admit Gerald M. Gantz and Harold B. West to partnership in their firm on September 1st.

Mfrs. Trust Interesting

The current situation in Manufacturers Trust Co. offers attractive possibilities according to a bulletin just issued by Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this interesting bulletin may be had upon request from Laird, Bissell & Meeds.

Situations of Interest

The current situations in The National Radiator Company and Public National Bank and Trust Co. offer attractive possibilities, according to memoranda being distributed by C. E. Unterberg & Co., 61 Broadway, New York City. Copies of these interesting memoranda may be had from the firm upon request.

Additional Comments Anent Dr. Wright's Articles On Inflation and Deflation

The "Chronicle" recently published two articles, written by Dr. Ivan Wright, Professor of Economics, Brooklyn College, in which the author suggested to management and investors a program calculated to offer the best possible protection against the effects of inflation and deflation. The first of these studies, entitled **"Managing a Business for Stockholders Through the Vicissitudes of Inflation,"** was published in our issue of July 8, and the second, bearing the caption, **"When Inflation Comes, Deflation Cannot Be Far Behind,"** appeared in our issue of July 22. As was to be expected, numerous comments have been received regarding the views and conclusions drawn by Dr. Wright in his articles. Some of these expressions were given in previous issues of the "Chronicle" and others that can be accommodated in this issue are given herewith:

DR. RAY LYMAN WILBUR
Chancellor, Stanford University

I have read with sympathetic interest the article by Dr. Ivan Wright on "When Inflation Comes, Deflation Cannot Be Far Behind."


Ray Lyman Wilbur

I am confident the only way we can avoid serious trouble is to increase general taxation, control production prices near their source, take the broad view and stop Government responses to selfish minorities.

As to the practical answer, it seems to me that an adequate Sales Tax is both desirable and inevitable if we are to be in a position to deal fairly with those who are investing in Government bonds.

HON. WILLIAM B. BARRY
Representative in Congress from New York

I greatly enjoyed reading Dr. Ivan Wright's second article on inflation. I quite agree with his views.

A. B. KELLER
Vice-President and Treasurer, International Harvester Company

We are eager to have the views of individuals as competent as Dr. Ivan Wright.

You may be interested to know that we have considered these studies to be so well done that we have acquired additional copies and have distributed these to the administrative group of our Company. The subject matter is of current importance.

Hon. LYLE H. BOREN
Representative in Congress from Oklahoma

I have read carefully the article by Dr. Wright on inflation and it contains much constructive thinking.

Hon. A. WILLIS ROBERTSON
Representative in Congress from Virginia

I fully agree with Dr. Wright that we must avoid both currency and credit inflation. But if we can't in the coming months avoid serious price inflation we may ultimately be forced into currency inflation.

C. F. BURTON, President
The City Bank, Washington, D. C.

The articles of Dr. Wright are quite interesting. At least, he is realistic.

My own view as to inflation itself can be rather tersely put and for me sums up the cause and probable extent. To the extent that the yardstick is stretched, the value of each inch becomes less. As the yardstick stretches, it will take more inches to measure the cloth, which remains the same.

Money in circulation and bank credit is the yardstick. The more of this we have, the less each unit will be worth in purchasing power of what there is to sell.

Increase of government debt does the trick, especially that part going to banks.

The conclusion I reach is that prices, in terms of dollars, will tend to increase in proportion to the rise in the Federal debt. Rationing will slow it down but eventually the prices will seek and reach the level indicated.

I have yet to hear of any formula that will "beat the game." The best I can find is along the argument of Dr. Wright — keep mobile and be able quickly to move with the tide.

Rifer Of NASD Urges Care In Licensing

(Continued from page 687)

are such as that if an applicant for membership is engaged in the securities business, or is to become engaged and has not not been expelled or suspended from a securities association or has not had his registration revoked by the SEC or was the cause of such revocation, and he is licensed by the appropriate State, he is admissible to membership in the Association.

"Literally it is a fact that the Association has authority over the conduct of a **member** and requires of him standards of practice designed to protect the interest of investors, but no standards of this character exist that can be applied to **applicants** for membership. This is a weakness which has been recognized and appreciated by the Board of Governors and it is hoped that a way will be found, in time, to correct the situation.

"In the meantime, however, it seems desirable if not obligatory upon us to face realities of the situation that appears to be developing. The problem facing everyone whose responsibility it is to administer laws, rules and regulations pertaining to the establishment and conduct of a securities business, is the **prevention** of abuses of investors as well as the punishing and disciplining of those who have perpetrated these abuses. An ounce of prevention in this very useful endeavor would be worth many pounds of cures.

"I am not prepared nor would I be so presumptuous as to offer specific recommendations to you or others similarly concerned. I did feel it my duty, however, to acquaint you with the fact that we have been witnessing a migration back into the securities business. In the normal course of events it would seem logical to assume that this migration will include a quota of undesirables as would be true of an infiltration of any business. Insofar as the State and Federal regulatory agencies are successful in preventing as many of these undesirables as possible from securing licenses to engage in the securities business, the task of regulating the conduct of those so engaged will be that much less and our whole effort that much more effective.

"I should be very happy to hear from you in respect to this problem."

Michigan Brevities

Offerings of several bond issues, the purchase of a new building by Detroit's second largest bank and personnel shifts made up the bulk of the financial news from Detroit in the last month.

The **Manufacturers National Bank** announced that it would move from the Penobscot Building into the building which once housed the old Peoples State Bank. The announcement was timed to coincide with the bank's tenth anniversary and gossip around Detroit is that the building was purchased from the First Liquidating Corporation for about $400,000.

A day or two later, the bank also announced that B. J. Craig, Vice President and Treasurer of the Ford Motor Company, had been added to the directorate.

* * *

Early this month a group headed by **Blyth and Company, Inc.,** and **First of Michigan Corporation,** which included **Miller, Kenower & Company; Paine, Webber, Jackson and Curtis; Walting, Lerchen & Company; McDonald, Moore and Company;** and **Juran, Moody and Company** offered a new issue of $905,000 of Oakland County, Michigan, southeastern Oakland County sewage disposal system 3% revenue bonds to yield 1.50 to 2.90%.

The disposal system will serve 46 square miles of territory and the bonds will be secured by a lien on the net revenues from all sanitary sewage disposal service furnished to 12 communities. The county has agreed to levy charges sufficient to pay principal and interest and create ample reserves, including 18 months' principal and interest requirements.

* * *

Also of interest was the announcement by **State Treasurer D. Hale Brake** that the current high bond market is helping the state liquidate its holdings of sub-par municipal bonds.

In the fourth sale of such bonds in which securities with a par value of $252,400 were offered to 22 bidders, the bonds brought $204,422 or 80.9% of par for a gain of 6% over the previous sale.

East Detroits brought the least favorable price. One offering of these bonds brought 58.13 and another $18,000 worth brought 37.56 of par. Garden City and Lincoln Park bonds brought between 85 and 92% of par.

State Treasurer Brake also sold $220,000 worth of above par bonds for $233,356. A large part of these were Detroit bonds which brought 105 to 108% of par with the balance made up of Grosse Pointe Park, River Rouge, Ypsilanti and Fordson School District and other small nearby communities.

All told, the Treasurer held nearly $1,500,000 in the below-par bonds which he decided to sell by sandwiching them in with some better issues.

* * *

There was also considerable interest in the rehiring by General Motors of W. F. Armstrong, and Frank R. Pierce by General Motors Corporation.

Both left General Motors some years ago to join Nash-Kelvinator Corporation and both resigned the latter connections, where they were vice-president in charge of production and sales respectively, at the same time.

Armstrong is now assistant to Vice President Albert Bradley and Pierce is in charge of public relations here in Detroit for G.M.

The **City of Detroit** stepped into the market and was low bidder for $700,000 in Department of Street Railway revenue notes, maturing January 15, 1944-47.

The winning bid was 0.80.

Other bids were as follows: **Halsey, Stuart and Company,** 0.85; **National Bank of Detroit,** 0.87; **Paine, Webber, Jackson and Curtis,** 0.89; **Braun, Bosworth & Co.,** 0.90; **First of Michigan,** 0.97; and the **Chemical Bank and Trust Company,** 1.09.

* * *

Miller Tool and Manufacturing Company, whose stock is one of the popular unlisted issues, has purchased all of the outstanding stock of the Precision Manufacturing Company for an undisclosed cash consideration.

Precision does business largely with the aircraft industry, manufacturing special tools, jigs, and fixtures, and also handling certain types of aircraft production work. Miller's management said that the acquisition will broaden the firm's line, which heretofore has been largely automotive in peacetime.

Sales of Miller have been running around $175,000 a month and Precision about $90,000, it was stated.

Frank H. Kemp With Chas. Parcells & Co.

DETROIT, MICHIGAN—Frank Kemp, known in the past as Trading Dept. Manager of Cray, McFawn & Co., has returned to the securities business in a similar post with Charles A. Parcells & Co., Penobscot Building, members of the Detroit Stock Exchange.


Frank H. Kemp

After leaving Cray, McFawn & Co. in 1938, Kemp was associated with Field & Co. until February 1939, when he left the securities business upon Field's discontinuance. In 1940, he returned to Detroit after residence in Mexico, convinced that conditions in the United States were still better than in distant pastures. For the past few years, Mr. Kemp has been in the real estate field, as manager of State-owned income producing properties.

His "street" experience, with only comparatively few years' exception, dates back to the outside Curb Market in 1916, following four years of New York City banking experience which included the handling of credit documents covering shipments on the last trip of the ill-fated SS. "Lusitania." Following his enlistment in 1917 and discharge from U. S. N. R. F. in 1919, Mr. Kemp went to Detroit where he was active in trading both on the Detroit Stock Exchange and in over-the-counter securities until 1927 when he returned to N. Y. C. to wholesale and make markets in special situations.

In 1929 he returned to Detroit, trading. In 1932, he joined Cray, McFawn & Co. and was admitted to the firm in 1935. He was one of original group of fourteen who organized the National Security Traders Association in 1934 thereafter serving as National Committeeman or alternate through 1938. He was also active in organizing Securities Traders Association of Detroit and Michigan in 1935. He is a member of the Bond Club of Detroit.

Slate Presented To Detroit Traders Ass'n

DETROIT, MICH. — John K. Roney of Wm. C. Roney & Co., Chairman of the Nominating Committee of the Securities Traders Association of Detroit & Michigan, Inc., announces that the following members were nominated for the various offices for the 1943-1944 fiscal year beginning Oct. 1, 1943.

President: Paul I. Moreland, Allman, Moreland & Co.; Ray P. Bernardi, Cray, McFawn & Co.

Vice-President: Don W. Miller, McDonald, Moore & Co.; Jones B. Shannon, Miller, Kenower & Co.

Secretary: Ray E. Davis, E. H. Rollins & Sons, Inc.; Pierce A. Hastings.

Treasurer: Charles C. Bechtel, H. V. Sattley & Co.; Harold R. Chapel, Crouse, Bennett, Smith & Co.

Any additional nominations must be received by the Secretary on or before Aug. 27, 1943.

Connecticut Brevities

The Connecticut municipal bond market is still at a loss for offerings, the only new issue having been $100,000 City of New Britain 1% Sewer Fund bonds due serially from July 1, 1945 to 1954 inclusive. These were purchased for 101.169 or approximately a 0.81% basis, thus recording a new high.

In the utility field, an all-time high record of sales of electric power in the State of Connecticut was established during the first six months of the year. The state's four major utility companies' combined sales totalled 1,146,495,000 kilowatt hours, which represented an increase of 9% over the previous year, and 30.7% over 1941 peacetime sales.

United Illuminating showed the greatest percentage of increase in sales, being up 12.1% from a year ago, while **Connecticut Light & Power's** sales were up 9.5%, **Connecticut Power's** increased 9%, and a gain of 4.8% was recorded by **Hartford Electric Light.**

For the 12 months ended June 30, 1943, **Connecticut Light & Power** showed net earnings of $2.625 a share as compared with $2.719 a share for the corresponding period a year ago. Total operating revenues of $26,178,043 showed an increase of 8.3% over the preceding 12 months, while there was an increase in taxes of 45%. Taxes were equivalent to approximately $2.86 per share.

Southern New England Telephone showed total revenues of $14,401,691 for the first half of 1943 as compared to $12,401,649 a year ago—an increase of 15.2%. However, the net result was reduced by a sharp increase in taxes, and the final net showed $3.50 per share as against $4.11 for the corresponding period in 1942.

Derby Gas & Electric Company's operating revenues were $2,325,275 for the twelve months ended June 30, 1943 as against $2,120,850 for the period ended June 30, 1942. Consolidated net income increased to $390,611, from $322,300 a year ago. Based on 146,591 shares, earnings were $2.66 and $2.20 respectively.

Eagle Lock Company has called a special meeting of its stockholders for August 27 to consider a plan of reorganization whereby **S. F. Bowser Company** would acquire the company's property and assets. For each share of Eagle Lock, the stockholder would receive one $25 par 20-year 5% debenture and ½ share of common stock of Bowser Co. This latter company intends to spend $250,000 for the improvement of the Eagle Lock plant to step up production.

Six months' earnings for **Yale & Towne Manufacturing Company** were $1.52 a share. Earnings for the June quarter (after taxes) were 73c a share against 39c for the quarter a year ago, or a total of $356,171 against $189,500, respectively.

The Peck, Stow & Wilcox Company at its annual meeting of stockholders reported gross profits of $771,838.65 for the fiscal year ended June 30, 1943. After depreciation of $62,744.79 and taxes of $534,968.32, net income totalled $174,125.54 of which $75,000 was paid in dividends and the remainder added to surplus.

The company is engaged almost 100% in war work, and its greatest problem at present is the employment situation. Nearly 30% of the employees are women.

Out of each $100 income, approximately $96.11 went into wages, materials, taxes, overhead and miscellaneous expenses, while $1.68 was set aside to pay dividends to stockholders, and the balance, or $2.21 was added to surplus account.

United States Envelope Company reported a 16% increase in sales during the first half of this year over 1942. The volume of paper products is increasing, and the bullet core department has been enlarged to meet increased production demands.

Net profit for the six months ended July 3, 1943, after Federal income and excess profits taxes, was reported at $339,558 against $322,014 a year ago. After payment of preferred dividends, this was equal to earnings of $7.64 per share on the common as compared to $6.97 in the first six months of 1942.

As of June 30, 1943, two Bridgeport banks recording increases in indicated book value were: First National Bank equal to $12.12 a share as compared with $11.54 on December 31, 1942; and Bridgeport-City Trust Company equal to $44.35 a share, compared with $43.75 as of the year end.

Connecticut Investment Management Corporation had an indicated net asset value of $730,120 as of June 30, 1943. This compares with $485,583 a year ago, and on a per share basis is $4.34 against $2.83 in 1942. A substantial appreciation in security values increased the stock and bond portfolio from $431,459 to $658,938.

Hartford Accident & Indemnity Company, subsidiary of the **Hartford Fire Insurance Company,** is now the largest accident and casualty company in the United States from the standpoint of total assets which aggregated $110,844,846 as of June 30. Sharp appreciation in security values brought about a large gain in surplus and voluntary reserves while liquidating value per share advanced from $96.99 as of December 31, 1942 to $101.46 as of June 30, 1943.

The Hartford Steam Boiler Inspection & Insurance Company, in recently released figures, shows that for the first six months of the year the amount of net premiums written had increased $1,045,531 over the corresponding period last year. In comparison, losses were $74,945 less than a year ago. Since the year-end, assets have shown a gain of $1,652,110. As of June 30, 1943, liquidating value per share was $51.93, having advanced from $44.26 in 1942.

Fansteel Common Stock Offered Publicly

Public offering of a new issue of 53,566 shares of common stock (no par value) of Fansteel Metallurgical Corp. was made Aug. 18 by a banking group headed by Hallgarten & Co. and including Blyth & Co., Inc., Central Republic Co. (Inc.), Paul H. Davis & Co., and Paine, Webber, Jackson & Curtis. The offering price is $19 per share. Proceeds from this financing will be used to augment working capital. The outstanding common stock is listed on the New York Curb Exchange and application has been made to list the additional shares currently being offered.

The company is engaged in the production, refining and fabrication of the metals tantalum, tungsten and molybdenum. Fansteel is an important producer of tantalum, tungsten and molybdenum parts used in the manufacture of electronic tubes; tantalum parts for use in acid-proof chemical equipment; equipment parts and materials for use in electrical devices and ignition systems for use in the aviation, automotive and various other industries; and carbide and other cutting tools and dies used by the metal working trades.

A Practical Interpretation Of Inflation

(Continued from page 686)

government expenditures will undoubtedly continue high as the budget will include heavy interest charges, funds to take care of returning war veterans and to maintain a military establishment considerably larger than pre-war normal, and possibly funds for make-work projects and foreign loans, although total expenditures will naturally be considerably lower than the present emergency rate. All of these factors strongly suggest a continued expansion in the supply of cash and thus, we will still have in the post-war period this most important component of inflation.

Demand: Partially as a result of the cash factor, post-war demand for goods and services is expected to be excellent. The unprecedented supply of cash should couple with the huge pent-up demand to sustain employment at a fairly high level. This will be supplemented by a heavy demand for our products to feed and reconstruct the devastated countries. In addition, there will be the activity generated by all types of repairs, renovations, modernization and the development of new products and processes. We have herein sufficient evidence to suggest a level of demand higher than the best pre-war years. Thus, we will have the second basic component of inflation—a high level of demand, at a time when price controls may be weakened by the passing of the emergency.

Supply: Now we must turn to the supply factor. In this, we will find a vital point in the whole problem as to whether or not we shall have commodity price inflation of the wilder type. **It is fundamental that the price of any commodity or a service will not rise if supply is ample in relation to demand.** The impregnable barrier to commodity price inflation is production, production and **still more production.**

We most definitely do **not** have to have a disastrous commodity price inflation even though the cash and demand factors are propitious to such a catastrophe. Our capacity to produce is enormous. We did not know how really tremendous it was until we encountered the current threat to our civilization. The nation is fantastically wealthy in its supply of natural resources, production facilities and (in normal times) skilled labor.

One must never think of commodity price inflation in this country without giving full consideration to our ability to produce wheat, corn, cotton, oil, coal, iron, cattle, etc. Nor may we overlook our tremendous capacity for fabricating these raw materials into finished products, nor our supply of skilled labor. We must also think how a rising commodity price level would tend to stimulate our production and sooner or later correct any condition of under-supply.

French-German Fear-Type Inflation? If we are to have the proper conception of what this country faces along inflationary lines, we must completely destroy the erroneous analogy of the inflation experiences of France and Germany in the 1920s. The broad acceptance by investors and business men of that experience is doing more to confuse the issue than anything we know of. Those countries did have a rapid expansion in the supply of cash, as we have, but they did not have our natural resources. Their economies depended heavily on imports and as these products came into the countries when exchange rates were rapidly deteriorating, their internal commodity prices had to immediately reflect the phenomenon in sharp increases. These necessary price increases did not stimulate supply. We are not dependent on imports. Rising prices here stimulate production. Consequently, we think, it is completely erroneous to use these precedents as a guide for what may take place here.

Watch Restrictions on Supply: There can be no doubt that our resources and facilities for production are sufficient to satisfy even the high levels of demand which might be expected from our huge cash position. However, bureaucratic restrictions could upset the whole applecart. We have already seen how attempts to saddle the meat packing industry with arbitrary restrictions has caused hundreds of marginal slaughter houses to go out of business. Similar mishandling of any industry will likewise tend to curb that supply which is so vitally necessary to prevent a commodity price inflation. This factor, in our opinion, is one of the most important intangibles to watch in considering inflation. **Anything which discourages production, such as price fixing, taxes and restrictions which may retard the incentive to produce, will stimulate commodity price inflation.**

One of our primary reasons for bringing up this subject at the present time is our belief that at least some of the officials in Washington are beginning to see the logic of the above diagnosis of the inflation problem. We would not be surprised if some modest commodity price increases were permitted before the end of this year in spots where such action would stimulate the desire to produce. We also feel that political trends are such as to warrant a better-than-even chance that a similar philosophy will be carried into the post-war economy. At any rate, it is our belief that such a presumption should be the basis of investment and business planning for the post-war period until, and unless, we find evidence to alter the conclusion.

Practical Application: What then is likely to be the result of a huge money supply if it is not to be a fear-type price spree? Again we say, simply visualize a huge supply of cash and simply use common sense in determining how it is likely to be used. There will be an abnormally high demand for all of the necessities and luxuries, as well as a stimulation in the development of new products and processes. If this demand is accompanied by a relatively good balance of supply, the period will be entitled to the label of "prosperity," with the condition of individual companies and industries being influenced by their own competitive conditions. This does not necessarily suggest a flight from the dollar into "things," simply because we have a fear of the dollar. In this respect, our condition differs materially from the French and German type of inflation.

Rather than select a commodity stock merely because it represents an ownership in "things," pick out a company whose business will benefit by a high level of demand, whose competitive conditions suggest a satisfactory profit margin, and whose management is alive to the many changes that the war has brought in all phases of economics, finance and social relationships.

Of course, there is another phase of the problem which has a direct bearing on stocks. Consider them as a commodity; the supply is fixed and the demand tends to be enlarged by the huge supply of cash. Meanwhile, with the federal debt problems, it is difficult to see how the government can do other than continue its low interest rate policy, which in turn will influence the relative attraction of stock income return compared with bond yields for an extended period.

The Securities Salesman's Corner

SOME SUGGESTIONS FOR PLANNING YOUR FALL SALES CAMPAIGN

A sales organization without a definite plan for doing business is like the proverbial ship without a course. It is **now**, when the vacation season is drawing to a close, that the sales department should prepare its ammunition and set up its procedure, for the active business months which lie ahead.

Merchandising investment securities unlike many other products in other lines of business depends for its success upon the manner in which **ideas are based upon sound creative imagination and are presented to the proper market.** The firm that handles a wide list of investment and speculative general market securities and trusts to luck and the law of averages for its sales results, may do some business—but it is missing the greater opportunities which result as a natural consequence of planned systematic sales promotion.

The first step in planning an aggressive sales campaign is to make an analysis of the firm's present customers, their preferences as to type of investment; such as near term speculators, those who lean toward "special situations" having a longer term speculative appeal, straight investors for income, and combinations of the foregoing. The results of this survey should then be brought before the statistical and buying departments **as a guide** in the selection of the firm's offerings for the future.

The retail merchant plans his fall commitments upon orders placed in the Spring, and these future commitments are predicated upon what he knows about the buying habits and preferences of his established clientele. This procedure is based upon common sense fundamentals which have become almost axiomatic in practically every line of business—yet there are investment firms who completely ignore such important considerations, even to the extent that they have no specific idea of the buying habits of their established customers and **instead** decide upon the securities they wish to recommend by playing hunches, making guesses, and **"what looks good at the moment."**

The next step in planning a program that will meet with the approval of the individual salesman and help him to coordinate his efforts toward achieving a larger measure of success, is to **set up a definite idea which he can use to increase his volume from both new and old accounts.** The successful securities salesman, is in a somewhat different category than salesmen in other lines. He does more than sell a stock or a bond—he **must convince others that their investments can do things for them** The day when a salesman could take out a list of offerings and people would buy them, are over. Today, there is a creative selling job to do.

Now as to ideas—the woods are full of them. People are interested in protecting their principal against post-war depreciation. The possibilities of inflationary influences are more apparent to serious investors today than ever before. Post-war reconversion can be made into a dramatic approach to new business. The securities of companies faced with serious problems in this respect would make excellent vehicles for study and exchange into more favorably situated investments. A program designed to help customers eliminate common stocks of companies with topheavy tax burdens is another. Then we come to the new industry developments, the plastic, electronic, automotive, chemical, air-conditioning field, etc. Why not set up four of five "real comers" in such industries, familiarize your sales organization with these industries as well as the companies you've selected and bulid your entire campaign around such optimistic and interesting developments. Or, if you prefer to stick to some of the old standbys, such as a plan for increasing income, a security "watching service" which you offer to your clients, providing a report service, increasing safety of principal through portfolio analysis, an offer of special reports on widely held securities of local interest, these and many more such **ideas** can be adopted.

The next procedure, after you've decided where you are and where you wish to go—**is to adopt one vehicle and stick to it.** Don't scatter the shot. In merchandising securities you don't shoot ducks with a shotgun, it can't be done that way. You've got to use a high powered, single-barreled rifle—pick your targets, select the right ammunition, and then fire. Newspaper advertising, in conjunction with direct mail should be planned ahead, and every move should be made with the full cooperation of the sales organization and the men on the firing line. In regard to the individual salesmen, they should be consulted on any proposed plans, their cooperation should be enthusiastic, and their preparation for the job must be thorough.

In fact, a system of bonuses and extra compensation might well be included as a part of the general procedure. Next week we are going to offer a few tested methods of stimulating sales production in conjunction with this sort of a campaign.

Business Life Insurance Not Subject To Excess Profits Tax

Mutual Life Counsel Explains Recent Tax Court Decision

Contrary to the implications erroneously drawn by many business men from commercial digests of a recent U. S. Tax Court decision in the Premier Products Company case, life insurance proceeds collected by a corporation upon the death of one of its key men are still exempt in full from Federal income and excess profits taxes, John G. Kelly, Assistant General Counsel of The Mutual Life Insurance Company of New York, said early this week.

Under the law, Mr. Kelly pointed out, the excess profits tax does not apply except when death proceeds of life insurance policies are subject to income tax. That occurs, he said, only when policies were not purchased by a corporation directly from insurance companies, but by way of assignment for a valuable consideration. This was the situation that existed in the court decision in question, Mr. Kelly stated. In such cases, the so-called excess over cost to the corporation becomes subject to tax. In all other cases, Mr. Kelly said, the death proceeds are fully exempt from income and excess profits taxes, as before.

The recent court decision, he stated, deals with a technical provision for relief of the excess profits tax law, and merely holds that if life insurance proceeds, because of an assignment, are required to be included in gross income, such "abnormal income" is not attributable to prior years for excess profits tax purposes.

Says Rising Living Costs Hurt 20,000,000 In Low Income Groups

The incomes of more than 20,000,000 persons who depend on fixed low wages, pensions or allotments, or meager checks from Governmental units, are shrinking with every rise in the cost of living, the Office of War Information said on Aug. 13.

In pointing this out, the OWI announcement also stated:

"Nine million are dependents of men now serving in the armed forces of the United States.

"Nearly 2,200,000 are aged persons on State public assistance rolls.

"Another million are disabled veterans drawing pensions or disability compensation, or the widows and dependent children of veterans.

"Retired and disabled firemen, policemen, state and municipal employees totalling 158,000 are receiving pensions or retirement pay.

"Dependent children receiving aid through Federal and State welfare funds number 739,000.

"Fifty-three thousand are blind.

"About 700,000 retired workers, widows and young children receive social insurance payments under the Old Age and Survivors Insurance program of the Social Security Board.

"More than 400,000 persons are drawing annuities for which they had to put away their savings for many years.

"Not all of these people, of course, depend entirely on the Government or insurance checks coming to them monthly, but the payments they receive are fixed and do not rise with the rising costs of living. Each check will purchase fewer necessities if prices continue upward. So will the dollars of 6,000,000 others—teachers, public employees such as firemen, policemen, nurses in state and city hospitals; municipal, county, township and state employees, and workers on Federal government rolls.

"The 9,300,000 men in America's armed forces, each receiving non-elastic dollars, are among those who, when on furlough for instance, would feel the immediate pinch of every upward twist of the inflation spiral."

Inflation is a danger to every person in the country, OWI said, but its most serious effects are felt by the fixed-income and low income groups.

WLB Sets Up New Shipbuilding Panel

The National War Labor Board created on Aug. 12 a new six-man tripartite Shipbuilding Commission to handle labor disputes and voluntary wage adjustments in the shipbuilding industry.

The new Commission replaces the Shipbuilding Commission created by the Board last January and differs from its predecessor in that it will have no representatives from the Government procurement agencies. The new group includes two representatives of the public, of labor and of industry. One representative from the Maritime Commission and one from the Navy sat with the old Commission.

"Representatives of the Navy, the Secretary of War, the Chairman of the Maritime Commission and the Chairman of the War Production Board," it was announced, "may consult with the Shipbuilding Commission, but no representative of the Government procurement agency will have a vote in Commission decisions.

"The Commission's rulings and orders will have the same effect and are subject to the same provisions for stay and review by the WLB as rulings and orders of Regional War Labor Boards."

Members of the Commission are William E. Simkin of Philadelphia, Chairman; Burton E. Oppenheim, Deputy Director of the WLB, Co-Chairman; C. W. Middleton, Vice-President of the Babcock & Wilcox Co., New York; Robert G. Howlett of the New York Shipbuilding Co., James J. McEntee of the International Association of Machinists, and Lucien Koch, national representative of the International Union of Marine and Shipbuilding Workers of America (C. I. O.).

Canadian Securities

By BRUCE WILLIAMS

Champions of free enterprise in Canada got a sudden chill last week. In their excitement over the large gains of the Progressive-Conservative party at the expense of the Liberals in the Ontario election and four Dominion by-elections, they at first overlooked a more significant fact. On sober reflection it became apparent that the most important result of the elections was the sharp improvement in the strength of the socialists.

Holding out the promise of plenty-for-all provided by an all-wise, all-powerful State, Canadian socialists under the banner of CCF (Cooperative Commonwealth Federation) have suddenly emerged as the real opposition party in the Dominion. Being a self-styled party of "militant and revolutionary socialism," there is little wonder that the gains of the CCF have caused sober Canadians to stop and take note. Backed by the CIO and at least in part financed with CIO funds, the CCF has no real counterpart in this country. Its closest resemblance here is to be found in the extreme leftist New Dealers.

With the threat now clearly defined, perhaps the shock of the recent elections will benefit Canadian policies in the long run. Despite the rapid growth of the CCF it is still backed by only one-third of the Canadian voters. The political exponents of free enterprise still have time to put their house in order.

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The bond market was quiet last week. Direct Dominions were off a bit from their recent highs. Guaranteed issues, on the other hand, were slightly stronger, bringing the differential between the two groups to what observers consider a normal spread. At the close of the week Canadian Government bonds were selling on a 2½% basis as against 2¾% basis for the guaranteed issues.

Eastern Provincials continued in demand in a quiet market. Manitobas and Saskatchewans were off slightly on few trades. A large transfer of long-term British Columbia bonds to this country created an active market in issues of that province with prices steady.

Canadian corporates and equities continued to follow the moderate downtrend established at the end of the previous week. Although free Canadian exchange was down recently from last month's peak in sympathy with the easier turn in corporates and equities, the rate firmed up again at the close of the week. It seems evident that in the long run the pressure on the rate in the direction of parity with the U. S. dollar will increase.

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An interesting comparison of brokers' loans on July 31, 1943, with those outstanding in 1937 has been released by W. G. Malcolm, president of the Toronto Stock Exchange. Total loans of member brokers as of July 31, 1943, are reported at $9,100,000, which represents .19 of 1% of the quoted value of securities listed on the exchange. On the corresponding date in 1937, brokers loans amounted to $39,800,000.

Pointing to the sharp rise in security prices, Mr. Malcolm comments: "It would seem that the increase in the value of securities on the Exchange, without any large increase in loans, reflects a great amount of confidence on the part of the public in the financial structure of companies in Canada."

Weather Conditions Favor Canadian Crop Development

Weather conditions have favored crop development in the Prairie Provinces of Canada during the week of Aug. 5, although rain is needed in many districts, according to the Aug. 12 crop report of the Bank of Montreal. Where moisture conditions are satisfactory, wheat, oats and barley are filling out well, says the report, but in the dry area of Saskatchewan and Alberta, growth is stunted and yields will be light. The report also indicates that in the Province of Quebec, grains are making satisfactory progress, with prospects of average yields. Although retarded by rain, the harvesting of a large hay crop is indicated. In Ontario, heavy rains during the past week delayed harvesting operations somewhat, but were beneficial to crops generally. The Fall wheat harvest is nearing completion with yield and quality below normal. In the Maritime Provinces, rain has hampered operations and retarded growth. Warm, dry weather is required. In British Columbia, growing conditions continue satisfactory. Early apples, apricots, potatoes and semi-ripe tomatoes are being shipped.

Sharing Wealth With Rest Of World Not Required In Peace Plan, Heimann Of Credit Group Says

Peace plans based on trying to make it possible for more people to enjoy more blessings does not mean that we shall play Santa Claus to the world, says Henry H. Heimann, Executive Manager-on-leave, of the National Association of Credit Men, in his "Monthly Review of Business" released Aug. 16. He points out that sharing our wealth with the rest of the world would merely make everyone poorer. "We must seek an after-the-war program which will eliminate Fascism, Nazism and dictators and at the same time teach the people of oppressed countries how to acquire more necessities and luxuries. We may be called upon for some financial help but such assistance should be only secondary to the general program for rehabilitating the oppressed country."

"We cannot be blind to the situations that gave rise to the collapse of some of the conquered countries or that permitted the rise of Fascist dictators within their borders," the credit chief says. "Unless these causes are studied and sensibly cured, there can be no assurance that a quarter of a century from now we may not be right back in this same situation.

"When I say the situation should be cured, I don't mean a perfect state is to be insured. No one can insure a happy and comfortable way of life. The history of the world shows that the only way to build that state of life in an enduring fashion is to earn it, not fall heir to it. If these ideal conditions were not the rewards of industry, decent living, decent thinking, then there would be no solid basis upon which civilization might rest."

In discussing post-war plans, Mr. Heimann pointed to important problems which must be solved within our own nation. He mentions two of these points especially—the great increase in our plant capacity and the importance of working out a procedure for settling war contracts which will give American industry an opportunity to start shortly after Victory Day on reconversion to civil production which in turn will continue a high percentage of our present employment ratio.

"Plant capacity in our country has been tremendously increased," Mr. Heimann says. "The problem in this country at the close of the war will be one of distribution, since a production that might be called a pre-war average will be effected in the post-war period with much less labor. These delicate problems of adjustment must be met in a realistic fashion. If we attempt to meet them by artificial means such as limitation of production per hour or limitation of the utilization of machinery then we shall defeat the purpose of our victory as we will deny to many families the result of our productive capacity, and we will be handicapped in our highly competitive international trade."

"There will be a critical time between the cessation of hostilities and the resumption of normal business unless we have agreed on the proper procedure for handling terminated war contracts," says Mr. Heimann. "Expeditious adjudication or at least large immediate tentative settlements will be necessary in order that business may be able to speed the transition period from war production to the job of supplying our civil needs.

"The post-war problem can be divided into the short range and the longer range requirements. When Victory Day comes, a solution of the short range problem rests largely in the hands of the government. Every organization in the nation that has the country's welfare at heart should give thought and study now to working our a fair and equitable termination procedure and the government of the United States should recognize that this item of providing for prompt settlement with war contractors will play a major part in what our domestic conditions may be when the war has finally ended."

The credit executive pointed out that while there had been considerable uneasiness over the fate of "small business," the decline in the number of business organizations in this country since the war started has not been as heavy as it has been in England.

"All in all it can be said that the earlier alarmist point of view with respect to small business has not been borne out by the facts and it is questionable whether it will be. Much credit is due to the resourcefulness of many enterprising small business executives who despite the war conditions have found a way to survive."

Mexico To Keep Silver

The following was reported in Mexico City cable advices Aug. 11 to the New York "Times":

The press published today a Presidential degree empowering the Bank of Mexico to buy the national silver output, which is estimated to be about five million pounds yearly.

In financial circles it was explained that the decree had been made possible after the United States had agreed to rescind its agreement with Mexico whereby the latter pledged to export its surplus silver product to the former. The Bank of Mexico said the decree would enable Mexico to use all of its silver production to satisfy the people's increased demand for metal coins, which until a few months ago was light. Since the Government issued bank notes of 1 peso each earlier this year there has been steady hoarding of silver coins, which has reduced the metallic circulation considerably. To ease the situation, the bank announced that it was issuing bronze coins of 20 centavos to replace silver coins of equal value.

Post-War Exchange Stabilization Reviewed

(Continued from first page)

even larger. For if nations owning "abnormal wartime balances" are given credit in Keynes' bancor for a part or all of these balances then their right to buy from us on credit will be increased by the amount of this extra credit.

The official British paper suggests that "The Union might become the pivot of the future economic government of the world." Here is another possibility that concerns us. How much money might the Union have at its disposal and discretion for these wider purposes? If indebtedness under the plan reached 20 billion dollars, then, with debtors paying over 1% and creditors (being fewer) presumably paying nearly 2%, the Union could receive an annual income of some 600 million dollars, a substantial sum if cleverly employed. A gross debt of 20 billion dollars is not as extreme a figure for world disequilibrium as might be thought. Our unwise trade policies before the war accumulated over 20 billion dollars of largely useless gold and, if continued after the war, might easily, with demand for goods converging on us, threaten us with a similar sum in useless bancor. Should we think our interests prejudiced at any time by the operations of the plan we could withdraw from it only after a year's notice (2 years under the Morgenthau plan and 30 days in the Canadian) during which periods our interests might be further prejudiced. Hence the longer periods seem objectionable.

This is not to condemn these plans. They are intended to be helpful. But they can harm us if misused and this fact should be understood by us.

Four outstanding discussions of these plans will be here reviewed: First, that of Benjamin M. Anderson in the "Chronicles" of May 13, 20, and 27; then that of John H. Williams in "Foreign Affairs" for July will be considered, followed by a British viewpoint in the "Economists" of Apr. 10, May 1, 15 and 22, and finally that of Peter F. Drucker, with his distinctive point of view, in "Harper's" for July.

Benjamin M. Anderson

Between 1920 and his recent transfer to the faculty of the University of Southern California, Mr. Anderson earned an exceptional reputation as economist for the Chase National Bank of New York and editor of the "Chase Economic Bulletin." His criticisms of the Keynes and the Morgenthau plans are penetrating and substantial.

1. He attacks the provisions for dealing with "abnormal wartime balances." The precise nature of the British part of these balances seems in dispute. Mr. Anderson emphasizes the extent to which they arise out of shipments of gold from Scandinavia to England for sanctuary, gold which England has converted into sterling and cannot therefore now return. The "Economist" insists that, for practical purposes, they can be said to consist of sums owed by England for war materials, to Canada and India and certain neutrals. Mr. Anderson objects that giving Norway, for instance, even temporary credit in bancor for the amount owed her by England, without debiting England, would enable Norway to collect her British debt from us in goods. This seems a reasonable objection pointing to some other arrangement for these balances.

2. He also claims that these plans, in attacking currency disorders, are attacking mere symptoms and not the disease itself, and he points to the fact that we loaned Europe $6,000,000,000 between Nov., 1918, and Oct., 1920, for "stabililization" after the last war without producing economic health. Conversely, he shows that relatively small sums lent later to Germany by the Dawes Committee and to Poland by us under an arrangement whereby Polish spending of the proceeds had to be ratified by our agent, Charles S. Dewey, sent there for the purpose, were effective in compelling the necessary internal reforms in taxing and cutting down government expenses and curbing paper money issues.

But internal reforms are not wholly neglected by the Keynes plan which provides that the Governing Board may recommend "internal measures" after a member state has borrowed up to half its quota. The American plan permits its Board to place conditions on further sales as to any country which is using its quota too rapidly. And the Canadian plan permits the Union to suspend loans as to any state which is making improvident use of the loans. These provisions, however, might be strengthened and control in the matter, which, as Anderson points out, now rests in the hands of the borrowers, might well be vested in the lenders in proportion to net credits. Assurance could thus be gained of pressure on the borrowers both to budgetary righteousness and to use of funds for purposes productive of foreign exchange.

To argue that exchange fluctuations are mere symptoms would seem to rule out all stabilization fund operations even forbidding the ironing out of seasonal fluctuations in exchanges. Yet this is common practice. Nor will complete budgetary virtue be possible to many hard-pressed debtors after the war. Our own rich country may be tempted to exceed its budget. Finally, in his just emphasis on the need of imposing reforms on the borrower, Mr. Anderson forgets that the really major exchange problems after the last war were those caused by the lenders. For the lender has the final word in such matters. The borrowing nation can strip itself of foreign exchange and gold and can tax heavily and balance its budget and can force the deflation of wages and prices and employment in order to make its exports attractive and maintain its solvency, but if, after it has done all these things, the lender refuses to receive the goods, the borrower is helpless. To pay the lender the borrower must have lender's money and it cannot print that money.

3. A still more serious criticism by Mr. Anderson is that lending nations, under these plans, lose incentive to see, at their personal risk, to the solvency of the nations to whom they lend. It is theoretically possible under these plans for Great Britain, for instance, to sell vast supplies on credit to a nation with a very poor credit record—and then collect through purchases of goods from us. We, of course, in our turn, could pass on the credit by buying goods from someone else and a race could develop to escape being forced as the last creditor, to hold the bag on the accumulated bad debts of the Union.

Irresponsibility as to the quality of the credit issued under the plans could probably be partly met by a provision charging the bancor debts of any nation finally declared in default to the accounts of those nations which, on net balance, had lent it the money, in proportion to their loans. But some further right to limit quotas at the outset in the case of nations with bad credit records would appear a desirable feature of these plans.

It is to be hoped that these objections will be found remediable and not permitted to prejudice the services the plans are designed to render.

John H. Williams

John H. Williams, Vice-President of the Federal Reserve Bank of New York, gives an informative discussion of the Morgenthau and Keynes plans. He notes with approval the contrast between the effort now being made to plan for peace, with the lack of planning in the last war. His belief may be noted in passing that these two plans look "fundamentally toward a stable exchange system as against internal monetary stability." Peter F. Drucker, whose ideas appear later in this paper, disagrees on this point.

Mr. Williams touches on a number of difficult technical problems. He believes that movements of bancor or unitas will "affect bank reserves in precisely the same manner as the movement of gold under the gold standard." But the influence of movements of gold is not wholly predictable. This we saw in the late '30s when Secretary Morgenthau "sterilized" the inflationary influence of gold imports on bank reserves by the device of paying for the gold out of the proceeds of open-market sales of Treasury bills, instead of paying by issuance of gold certificates. Similarly, a loss of gold need not be deflationary if the government selling the gold takes payment in its own bonds and notes. (See Norman Crump in "The Foreign Exchange Armistice," Banking, Nov., 1936).

Wholly confident prediction as to inflationary and deflationary effects of gold movements can consequently be made only when the intentions of individual governments and central banks as to handling the gold are known in some detail. Mr. Williams, by reason of his position, should be able to speak with authority both as to unitas and as to our own handling of bancor credits and withdrawals. One supposes that bancor gain will increase bank reserves here while decrease of bancor assets will decrease our bank reserves.

As to Europe, however, the "Economist" must speak with the greater authority and one infers that borrowing by foreign debtor countries against their bancor quotas will not be permitted to diminish their reserves nor will repayment of this borrowing, presumably, operate to increase these reserves. Such deflation or inflation as arises in debtor countries under the plan, will, accordingly, be initiated rather through the effects of employment or unemployment than from the side of money.

When it comes to controlling inflation, Mr. Williams prefers gradual relaxation of internal and external exchange controls to the means provided by the plans. His position here seems to approach that of the French. But inflation, like a fever, is itself a curative process and should not be wholly balked. Furthermore any inflation under the Keynes plan in the United States or other creditor countries would tend to attract competing foreign goods and thus not only cure itself but help balance our budget through the added Custom's revenues involved. Natural law will thus take care of us if we will let it. If we do not intend to submit to natural laws we had better not, as will appear later, flirt with any of these plans except that of Mr. Dewey.

Another remedy offered by Mr. Williams is that of stabilizing currencies in what he calls the "Key" countries while permitting lesser countries to depreciate. This seems only another way of insisting on the fact—which should be more widely insisted on—that the large creditor countries do hold the "key" to exchange stabilization and can block it and force an artificially high price for their own currencies in terms of those abroad if they make their own currencies scarce by refusing to part with them for purchases of goods abroad. Automatic depreciation by "untied" currencies constitutes a powerful counter-weapon in such cases by the debtor. But, in the long run, probably, depreciation would prove as ineffectual as deflation in forcing goods upon a stubborn creditor. Nor, in the immediate postwar period, with production facilities in chaos, can even depreciation create for war-torn Europe, goods which it can ship to us to balance its accounts. So that this particular "solution," however helpful it might prove over short periods, would not be any real cure.

Another large question raised by Mr. Williams is that of exchange appreciation. Appreciation by the creditor, he thinks, "would seem feasible, if ever, under the conditions of boom such as we may well have. But whether our farm bloc, for example would ever consent to it under any circumstances is problematical."

As a means of curbing the over-stimulation of gold mining resulting from excessive prices for gold a general exchange appreciation by all countries should probably be initiated when currencies are stabilized under any of these plans. If this appreciation was uniform and simultaneous no harm would be done the farm bloc or any other industry except those tied up with gold mining. (R. H. Brand, "Gold: A World Economic Problem," International Conciliation, Carnegie Endowment for International Peace, Oct., 1937, pp. 673-5. Also, for a refinement of his analysis see F. D. Graham and C. R. Whittlesey, "Golden Avalanche," Princeton University Press, 1939, pp. 158-161).

But, once world currencies had been tied to gold at new values after the war under any of these plans then any exchange appreciation by us alone would truly tend to put our agriculture at a competitive disadvantage and thus run into serious political difficulties. The political weight of any argument that unilateral appreciation of the dollar by us would form a convenient alternative to general depreciation of currencies by other countries in the world and at the same time be less likely, by stimulating a further unhealthy expansion of gold mining, to make the gold standard still more unworkable and possibly destroy it, can be left to the imagination. Such weight would closely approximate zero.

The "Economist"

An essentially British point of view and hence one valuable to us is supplied by the "Economists" of April 10, May 1, 15, and 22. Space prohibits full review. "It is better to name names," says the "Economist," when "surplus countries" are referred to. "The central difficulty of the post-war years will be to find means by which the rest of the world can meet its obligations to the United States and buy the American goods it needs." "One country which, to judge by the present indications, will have rather more than average difficulty in paying its international way is the United Kingdom." As to the White-Morgenthau plan, "In this plan it is not the total fund but the proportion of it in dollars that will count in a period when the crucial deficiency of every trading country will be a dollar shortage." These extracts show plainly the foreign opinion that, at the outset at any rate, the principal service of the plans will be to finance purchases from us.

Now as to the difference in British eyes between the American and British plans. "The American plan would seem to require from every country specific appropriations of public funds." "The British plan is deliberately and confessedly expansionist in object; it would put funds at the disposal of deficit countries without abstracting from surplus countries any funds"—at least none to speak of—"It would be wrong to say that the American plan is deliberately contractionist; but since it asks all countries to make their contributions to the fund before any of them receives anything back it might well be contractionist in effect."

As to the gold standard, "The system must not be as autocratic in its effect upon national policies as the gold standard, or as anarchic in its effect upon world conditions as exchanges fluctuating freely." "It is no longer envisaged **that the sole responsibility for restoring the balance of payments should rest, harshly and damagingly, upon the debtor countries."** Not by Lord Keynes at any rate. Under the Morgenthau plan, however, "Currencies will be sold to meet the adverse balances of particular countries. International credits and debits will not be generalized. Measures will be recommended by the governing body to secure desired changes in national balances of payments, **but the onus will rest, as in the past, upon debtors rather than creditors."** The "Economist" goes on to record that, in the debate before the House of Commons on the plans, **"The nearest to a cheer was produced** both by Sir Kingsley Wood and by Mr. Pethick Lawrence, **by a declaration against a return to any rigid form of gold standard. It is evident that, on this point, British public opinion has made up its mind."**

The sensational importance to us of these pronouncements should not be lost sight of because of the decorous British imperturbability with which they are put out. We own two-thirds of the world's monetary gold stocks. A discontinuance of monetary use of gold could make these relatively worthless. Yet here we see prominent subjects of the British Empire, the world's largest producer of gold, cheer at mention of the abandonment of the gold standard. The French also plan to end rigid ties to gold. *Why this European hostility to gold?*

The parts underlined suggest a strongly probable explanation. When, in 1922, our Fordney-McCumber Act raised tariffs against foreign goods and thus compelled foreign nations to pay their debts to us increasingly in gold instead of in goods, the effect, under the normal operation of the gold standard, was to deflate credit and prices and wages abroad. It should also have been to inflate them here, thus making cheaper foreign goods look relatively more attractive in our expensive markets and finally enabling foreign countries to surmount our new tariff walls and achieve the trade equilibrium the tariffs had prevented. But we, by sterilizing gold and keeping our prices stable through the 20s, refused to do our share and a much heavier burden of deflation, or as the "Economist" calls it, "the whole responsibility," fell upon our debtors. For a time the situation was tided along by loans abroad by us but when, in 1929, these loans ceased, the tragic imbalance was unmasked. Further deflation at the bottom of a depression was politically impossible. Foreign countries threw up their hands, accepted "untied" currencies as the lesser of two evils and left the gold standard in a steady procession. Until our intentions as to use of our power in the matter become clearer, foreign countries are unlikely to be eager to retie to gold. Nor, if we continue to make gold an unworkable currency base, is there any overpowering reason why the rest of the world should ever return to it. There are probably other metallic bases now available. We have practically destroyed the monetary use of silver and may destroy the use of gold.

This should make us stop and think. Not only does it throw a

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Post-War Exchange Stabilization Reviewed

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doubt upon the value of our huge gold hoard, but it deprives the world, temporarily anyway, of its normal means of determining when the quantity of money is adequate for the work money has to do. The problem of equilibrating exchanges, like the problem of bringing water to a common level among a lot of connected tanks of various sizes, can properly be viewed as secondary to that of having the right general level in the tanks when they are all equilibrated. But, however well the Keynes plan provides for equilibrating between tank and tank, it provides no satisfactory formula for fixing the general level.*

That is one serious theoretical weakness in Keynes' gospel which has, however, been lost sight of in a practical success in which "untied" currencies actually relieved Europe of the heavy political onus of repeated deflations and thus most unfortunately brought the gold standard —instead of our mismanagement of it—into wide discredit.

Peter F. Drucker

Peter F. Drucker is a member of the faculty of Bennington College and is included here because he seems to represent what may be called an American-Keynes school of thought, a school important because of its wide following in academic circles, because of the generous space accorded it in leading American magazines, and because of the vogue its free-spending philosophy has been given in Washington under the New Deal.

Mr. Drucker takes in a wide territory in his article. He speaks of the increasing spread of industrialization, in Russia, in Turkey, in India, in Japan, in South America, in South Africa and so on. Quite a problem, no doubt, and one for us to think about, although not strictly concerned with money. He speaks of the necessity of making it possible for countries of "very different structure" to collaborate peacefully. If he means in trade, then, when each of two countries has what the other wants, the fact that one country is democratic and the other monarchic, or one communistic and the other capitalistic, would seem to have little bearing on the trade. If, on the other hand, the two are trade rivals, then the fact that the "structures" are the same would seem no certain guarantee of "peaceful collaboration."

He raises an important point where he mentions "the dilemma between the political need for full employment and the economic need for a stable international system." Mishandling by politics can destroy the greatest prosperity, and control by adventurers, spoilsmen or ignorant men must always be a danger. There is a sort of elastic limit to the political-economic system such that evolutionary return to normal finally becomes impossible and revolution gives the sole way out. One hopes with Mr. Drucker that evolutionary means will still be possible here when the war ends.

But Mr. Drucker's main concern is the danger of deflationary unemployment caused by currency difficulties. "The focal point in all international economic policy during the past twenty-five years," he insists, "has been the relationship between the 'internal currency' and the 'external currency'". "The monetary history of the past twenty-five years is one of rebellion against this automatic subordination of the domestic credit and price structure to the nation's external economic relations." "The first objection was that it created unemployment; for the only way to restore the international balance was by deflation, and that meant a contraction of production." "The most encouraging feature of the Keynes and White plans is that they agree." "Neither intends to restore the old automatic subordination of the internal to the external currency." Lord Keynes' plan, thinks Mr. Drucker, "repeatedly emphasises the point that deflation in any country is so great a danger to the entire world that the stability of currencies should be entirely subordinated to avoiding it."

What does he mean by the "subordination of the internal to the external currency"? Nothing more than what the "Economist" complains of, that when prices in any country are too high and it cannot sell its goods abroad and is faced with the choice of deflation at home or depreciation abroad, the gold standard forces deflation because gold must be shipped (in place of goods) in order to maintain the "external" value of the currency, and the loss of gold forces up interest rates and shrinks credit supplies and causes unemployment. That was why Keynes advocated leaving the gold standard and depreciating money as a politically easier means of cheapening goods in world markets than the more honest method of wage and price deflation.

His solution may very well ease matters for weak post-war governments. Furthermore, if any currency is stabilized under the plans at too high a rate this would provide a most useful escape. But in the long run we cannot expect to achieve our economic adjustments by changing the value of money or by changing its supply. There is a balance in these matters and no substitute has been developed as a means of finding it, by Lord Keynes or anyone else, for old-fashioned laws of supply and demand under a metallic standard.

In fact the Drucker-Keynes assumption that the "internal" currency is necessarily subordinated by gold to the "external currency" seems a mistaken one. British price levels, which were "subordinated," are "internal" to the British but "external" to us. So that, from the far side of the Atlantic, it would have been correct to say the "internal" were subordinated to the "external." But from this side of the Atlantic the opposite was true. It was our fear, dating back to 1921, of a price boom, that led us to sterilize gold as a means of stabilizing prices here. But this refusal on our part to let our prices rise was just what put "the sole responsibility for restoring the balance of payments" "harshly and damagingly upon the debtor countries," leading them to prefer fluctuating exchange rates to fluctuating price levels and to go off gold, thereby upsetting exchange

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*Keynes' announced formula requires enough money to produce "full employment." But what is "full employment"? Franklin D. Roosevelt might differ from Calvin Coolidge on the point. And when have we had "full employment"? We and Britain are currently spending enormous sums on the war. Have these produced "full employment," and, if so, when did it happen, when was the line crossed? No one has told us. Will political management of money give us greater monetary stability under so vague a formula than we have experienced under the gold standard? It seems most improbable.

Furthermore the formula, if put into operation in 1933, would apparently have required the employing by the Federal Government of over 13,000,000 unemployed. At union wage scales this could not have cost us less than $13,000,000,000 yearly. That such an annual increase in government debt would have "primed the pump" and revived sound enterprise without inflation will be asserted only by the very reckless. A single extra billion dollars was enough to cause inflation when paid to veterans as a bonus in the election year of 1936.

The formula was, in fact, never seriously put into execution by the New Deal and Keynes sadly described the result as "more like a gold standard on the booze than the managed money of my dreams." Attempts to fix the quantity of production in other lines by arbitrary rules have always failed. There is "no satisfactory formula" yet provided as a substitute for supply and demand in the economic world.

SUMMARY OF THE
American, British and Canadian Currency Plans

By DR. A. PERREN

***Editor's Note:**—For the benefit of those of our readers who have not had time to peruse the lengthy texts of the American, British and Canadian Post War Currency Plans, we are publishing herewith a summary of the three proposals by Dr. A. Perren. This comparative chart may serve as a handy reference when studying the coming Joint British-American Compromise Plan, which we are told will soon be published.*

	The American Plan	The British Plan	The Canadian Plan
Authors	Henry D. White, U. S. Treasury Monetary Expert, Assistant to Secretary Morgenthau.	John Maynard Keynes, British Economist, Director of the Bank of England, Adviser to the Exchequer.	Author not revealed. Presented by Finance Minister J. L. Ilsley as a compromise plan on July 12, 1943.

SIMILARITIES

Extent and Nature of Plans	The Authors plainly state that Currency Stabilization is only one of several important international economic problems which will have to be met after the War. The establishment of an international monetary organization, they insist, should not be considered as a substitute for necessary international Relief and Reconstruction measures requiring long term loans; nor should it be expected to solve domestic problems, such as post-war inflation and general internal economic rehabilitation and readjustment. All three Governments have emphasized the highly tentative and provisional character of their expert's plans and have declared that they are not committed to the principles or details of the schemes. The purpose of the plans is to provide a basis for discussion by the technical experts of 37 allied or associated nations invited by the British and American Governments to participate in conferences.
Basic Principles	The proposals recognize that competitive changes in the relative values of national currencies are detrimental to a sound expansion of world trade and injurious to friendly international relations. Each plan attempts to reduce competition to a minimum by sponsoring policies calculated to maintain a necessary equilibrium in the Balances of Trade and of payments of member nations. The Plans are built on the principle that the benefits of membership will be such as to assure the voluntary wholehearted cooperation of the various nations. Although members would have to submit to a certain international discipline, the sovereign power of a nation would not be affected, since the stabilization agency could not intervene in internal affairs of a member country and all decisions of the Board would have to be ratified by the interested Governments.
Objectives	Stabilization of international currency values by establishing conditions under which payments between countries, arising out of trade and/or financial transactions, can be balanced, thereby helping to stave off economic chaos and collapse after the War. These conditions would include: reduction of foreign exchange controls; elimination of bilateral clearing agreements, blocked balances and multiple currency categories; creation of an international credit system for the furtherance of exports.
Initial Value Of Currencies	The three plans presuppose that agreement will be reached on the relative values of the different currencies **before** a definite plan will be put in operation. The methods of establishing these values and of fixing the rates vary, but each Plan provides procedures for subsequent changes in the rates, if and when necessary.
Field of Activity	The stabilizing agencies would confine their dealings to central banks and fiscal agents of governments and would not interfere with existing institutions and banks engaged in international trade. They would, however, cooperate closely with separate international investment institutions, which might be created in order to take care of long term loans for Relief and Reconstruction purposes.
Membership **Withdrawal** **Suspension**	All United and Associated Nations would become—if they so desire—original or charter members; other States (Neutrals) could be invited subsequently. Should enemy States be asked to join, special conditions would be applied to them. The Plans provide that a member has the option of withdrawing from the agency, by giving previous notice. This would range from 30 days, for a Creditor Nation, under the Canadian Plan, to one or two years for a Debtor Nation, under the three Plans. In the same way, a member might be suspended for non-fulfillment of its obligations.

DIFFERENCES

Proposed Mechanism	An international Stabilization Fund.	An international Clearing Union.	An international Exchange Fund.
Assets **Quotas**	Capital $5 billion, consisting partly of Gold, partly of local currencies and/or government securities of member states. Participation quota, limited to a maximum of 25%, would depend on a country's holding of gold and foreign exchange, the magnitude of the fluctuations in its balance of international payments and its national income. Initial deposit 50% of quota.	No capital, no contributions by members of Gold or other Assets. Participation in terms of Bancor (see below) in form of overdrafts opened to Governments directly or through Central Banks, representing the relative value of each Member State's average foreign trade during (say) the last 3 pre-war years. Quotas could be revised annually.	Capital $8 billion. Total Assets could be increased to $12 billion by mandatory short term loans in domestic currency of members, up to 50% of their initial subscription. Quotas to be entirely paid up: 15% in Gold, balance in national currencies. Time extended to countries having less than $300 million in Gold or foreign exchange. Quotas based on international trade, national income, Gold and foreign exchange holdings.
Monetary Units (Bookkeeping Devices)	The **"Unitas"** = a unit of 137½ gr. of fine gold, equivalent to $10 present U. S. money. The value in Gold of the Unitas would be **unalterable.** The value of the internal currency of each member country would be fixed in terms of Gold or Unitas and could only be altered with the approval of 4/5 of the members. The Unitas, covered by Gold, would be freely convertible into Dollars.	The **"Bancor"** = an international clearing unit based on the combined credit of the member States, fixed, **but not unalterably,** in terms of Gold and accepted as the equivalent of Gold by all members of the Clearing Union in settlement of international balances. The Bancor would be inconvertible and the Bancor balances would have no statutory security.	The **"Unit"** = 137 1/7 gr. of fine Gold, about the same value as the Unitas. Except for a permissible 5% (maybe 10%) depreciation margin, like in the British Plan, the value of a member's currency could not be changed without the Fund's consent. Unit deposits made in Gold would be redeemable in Gold and a 100% reserve in Gold would be maintained at all times by the Fund.

	The American Plan	The British Plan	The Canadian Plan
Role of Gold	Gold would definitively be the foundation of the Unitas and the basis of all currencies of Member Nations.	Although recognizing the unrivaled value of Gold as a measuring rod and the vested interests the United States and Great Britain have in Gold, the stated purpose is to supplant Gold as a governing factor, without, however, dispensing with it.	Same important role as under American Plan.
Control	The apportionment of Control would be on the basis of Capital participation. Due to its proposed share of $2 billion, the United States would have a veto power, a four-fifths vote being required in major decisions.	Would be based on pre-war trade volume, estimated at $25 billion. Due to its large pre-war trade (about $4,500 million), Great Britain would play a preponderant role.	Based on capital participation. No veto power, but since a creditor country could withdraw from the Fund by giving only 30 days' notice, the indirect controlling power of a large creditor nation would be considerable.
Vote	Each member would have 100 votes plus one vote for each 100,000 Unitas held, but no country would be able to cast more than one-fourth of the total votes. In ordinary cases, the decision would be taken by majority vote, but in certain important cases a four-fifths vote would be required.	Each member of the Governing Board (see below) would cast votes in proportion to the quota of his State or the aggregate quotas of the States he represents, except when a vote concerns a change in a member's quota; in this case a special procedure would be followed.	Number of votes similar to American Plan. Except in case of a change in the value of Gold, when a four-fifths vote is required, all decisions would be made by majority vote. In a vote to increase quota of a member, the other members would acquire one additional vote for each 100,000 Units of their total average contribution to the Fund which has been utilized, net, in the preceding year; on the other hand, member countries would lose one vote for each 100,000 Units of their net utilization of the resources of the Fund in the preceding year.
Management	Each country would have a representative on the Board of Directors, which in turn would select a Managing Director of the Fund. The Board, which would meet annually, would appoint a permanent Executive Committee of 11 or more members.	A Governing Board of 12 to 15 members. Large States would have individual representatives, smaller States would be grouped and represented collectively. But each member State could appoint a permanent delegate to the Union.	Governing Board composed of one representative and an alternate from each member country. The Board would elect one Governor and Assistants. Same Executive Committee as in American Plan.
Operations Powers	Would include: Purchase, sale and holding of Gold, currencies, bills of exchange and Government securities of member States; clearing operations; acceptance of deposits; earmarking of Gold, issuance and sale of its own obligations to members; loans to members; foreign exchange operations in all currencies of members; any other exchange-discount-and-loan operations, with member or nonmember nations, but only through Central Banks or Government representatives. Fixation of relative value of member currencies and the rate of these currencies in terms of Gold. Advice, Counsel and Aid to member nations in the stabilization of their currencies and the settlement of their international balances.	Exclusively clearing operations in settlement of international balances, leaving all banking operations to existing international banking organizations. Fixation of the value of the Bancor in terms of Gold. Supervision of changes in the value of individual currencies in terms of Bancor. Proportionate reduction of quotas of all members if and when necessary. Advice and Counsel to members and recommendations of measures tending to correct continuous debit and credit balances. Collection of all necessary statistical information.	About the same banking and clearing operations and same powers as under the American Plan. The Fund would be authorized to buy and sell currencies of non-member countries, but could not normally hold these currencies beyond 60 days after purchase.
Debit Balances	Creditor countries would be obliged to buy from the Fund the currencies of any member, particularly those of countries against which they have a credit balance. However, preestablished limits in the size of Holdings by the Fund of any currency could be exceeded only if the debtor country agrees to adopt and carry out measures recommended by the Fund to correct chronic disequilibrium in the balance of payments. In short, the Fund could temporarily "carry along" a country having an unfavorable balance, under certain conditions and with the approval, by a four-fifths vote, of all members. Interest would be charged on debit balances.	Adverse trade balances would be settled by drawing upon the total Bancor Assets and subsequent transfer to the credit of the account of the surplus country. Should, however, a member's debit balance become equal to half or more of its quota, the Board would recommend appropriate internal measures affecting the country's domestic economy. It could, for instance, request a reduction in the value of the member's currency or the control of Capital exports or even the surrender of Gold and other reserves. The Board would make recommendations and use its influence to correct the situation. Interest would be charged on debit balances.	Without special permission, no country could be a net purchaser (above subscribed quota) of foreign exchange from the Fund except for meeting adverse balances, and not so long as its independent holdings of Gold and Foreign Exchange, private as well as official holdings, exceed its initial quota. Net sales of Foreign Exchange to a member could not exceed 50% of his quota during first year, and the cumulative net sales could not exceed 100%, 150% or 200% of the quota during the first two, three and four years. Any purchase in excess of these limits would be subject to a special vote and the Board would require similar internal corrective measures, as under the American and British Plans. Interest would be charged on debit balances.

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Who Will Be Blamed For Serious Shortage Of Crude Oil?

Let me tell you just one reason why nothing but an **over-all** price raise for crude oil will increase production and reserves materially. Take my case as an example:—I am one of the 18,000 smaller fellows in the crude oil business. Not caring to go broke, this part of my investments must carry itself. I do not intend to lose money in oil and draw on funds or equities in other lines of business.

I therefore limit **new** investments in oil to 50% of **net** profit received from producing properties. An over-all crude price on a par with other commodities would enable me (and there are thousands of others) to increase speculative development.

I am sure that a subsidy or bonus for production from **new** devolpment would not interest me as I might drill 10 or 15 wild-cats or near wild-cats and all dry holes. Then what inducement is there to continue speculation? I.E., only a percentage of my net profit from oil income which is derived from **present production**, and at present crude oil prices (58% of parity) it would not be prudent to drill more wells, even on acreage that is partly proven.

As further illustration: I have an interest in 186 acres in Rice County, Kansas, on which there are two rather small producing wells (200 bbls. daily **potential**). As these wells are at one end of the 186 acres there is no assurance that new holes drilled would be wet, so further drilling will not be done until such time as income from my **present** over-all production warrants the gamble **and supplies funds for the venture.** A subsidy would not supply funds to a prudent operator who knows his business.

I was advised only last month that a former associate of mine in Wichita, Kansas, has just finished spending all his available funds by drilling **15 dry holes** consecutively—not one of them producers! A subsidy for **new** production would not have helped him and the only thing that might tempt him to gamble some more is a price for crude oil that would leave him a surplus from his producing properties, such as is my method. **Cost of leases has gone way up**, besides labor and material—when one can get it. (Wages alone have gone up over 170.4% since 1926, normal price year average.)

As I look at the situation—**"Holding the Line"** does not mean **"Submerging the Line"** by grossly deflated crude oil price, and that is what has been going on in the line of vital oil for the past two years.—**B. T. Cole, Los Angeles, Calif.**

Byrd Urges Trial For Sales Tax

Senator Byrd (Dem., Va.) proposed on Aug. 11 a two-year trial of a sales tax.

Announcing that the Committee on Reduction of Non-Essential Expenditures would begin hearings about Sept. 1 on Army and Navy outlays, Mr. Byrd told reporters that he and other members are interested in both cutting expenses and raising additional taxes.

In reporting this, Associated Press Washington accounts also said:

As a member of the Senate Finance Committee, Byrd previously has proposed a retail sales tax, a move that has been opposed by the Treasury. He said today he believes such revenue sources ought to be tapped at least on an experimental basis.

"If a sales tax is adopted, it ought to be on a two-year basis, and when the need of revenue is not as great as it is now, it could be repealed," he said. He added that a trial might convince even Treasury officials.

Mr. Byrd said the committee on non-essential expenditures could look first into personnel problems in the Federal Government in an effort to cite specific instances where a reduction can be made in the number of employes.

"We have already recommended a 300,000 cut in personnel, but we want to develop specific cases where this cut can be made," he said. He added that if an announced reduction of 105,000 in the number of War Department employes is carried out "it will be very encouraging."

Beyond that, however, he said the committee desires to have a full explanation by the War and Navy Departments of the amount of funds they have obligated by contract from a total of $203,000,000,000 he said was appropriated but unspent on last July 1.

"The time has come when there ought to be more efficiency in the departments," the Virginian said. "There was some excuse in the past for confusion because they were building so rapidly, but they should be better organized now."

A Moratorium For Non-Essential Activities In Wartime

(Continued from first page)

2. In certain cases, the disposal of subsidiary utility companies in holding company systems;

3. The disposal of other business interests which are found by the SEC not to be reasonably incidental, or economically necessary or appropriate, to the operations of the "integrated" public utility system;

4. The simplification of the corporate structures of subsidiaries of the holding company system;

5. The redistribution of voting power among security holders where the voting power is found to be unfairly or inequitably distributed;

6. The termination of the existence of companies in cases where their continued existence complicates the structure of the holding company system; and

7. The elimination of all but three tiers of corporations where more than one intermediate company exists between the top holding company and an operating company in the holding company system.

It will be apparent that a suspension, for the duration, of these activities, which require violent changes in system holdings, the disposal of properties and interests, and the readjustment of the rights of security holders, will in no way interfere with the effective regulation of utility holding companies. Yet, these are things which cannot be done under existing conditions without loss to investors, confusion and waste of time to utilities, and hampering of the war effort. They definitely need not be done now, in the midst of a national crisis.

Furthermore, the SEC already has issued many far-reaching orders, which so far have not been complied with through lack of time, and many important proceedings have been instituted, which are now pending, all under the four sub-sections of Section 11 in question. Although provision is made in the Act for an extension of an additional year, if the SEC finds it necessary or appropriate in the public interest, or for the protection of investors or consumers, the Act's primary requirement is that any order issued by the Commission in connection with integration activities "shall be complied with within one year from the date of such order." Obviously, then, if suspension of activities under the first four sub-sections of Section 11 is desirable, it would be equally as desirable to have it cover existing orders which have not been carried out, and proceedings which so far have not resulted in the issuance of formal Commission orders.

In addition to SEC activities, the Federal Power Commission, acting under the authority granted by Title II of the Act, has prescribed a Uniform System of Accounts for use of all public utilities under its jurisdiction. In effect, this System requires affected utilities:

1. To reclassify their electric plant acounts as they stood on January 1, 1937, so as to reflect the original cost of the utilities' properties; and

2. To account current transaction arising after January 1, 1937, as required by the Uniform System.

The requirement that current accounts shall be kept in accordance with the FPC's prescribed system generally has been regarded as regulatory in character, but reclassification of property accounts to reflect original cost savors more of reform than of regulation. Compliance with this requirement, moreover, necessitates the investigation, study and review of all books, vouchers and records of existing companies and their predecessors in title, going back to the earliest days when individual units of property were constructed. These studies and investigations require the expenditure of enormous sums in money, and the waste of time and effort that might better be directed in the present emergency to the war effort.

In fact, the amount of time and effort required of public utilities in complying with SEC and FPC orders and directives is staggering. Based on the experience of representative companies, developed in a study made for Edison Electric Institute, it is estimated that the electric power and light utilities, alone, subject to the jurisdiction of the SEC and FPC, have devoted, between Pearl Harbor and the close of 1942, all the time and energy of enough employees to render electric service to a city of more than a million people. Applying this experience of 12¾ months to the 20 months ended August 7, 1943, reveals that close to 5,000 employees of privately owned electric utilities have spent an estimated 9,725,000 man-hours, at the minimum, in preparing data and furnishing answers for integration proceedings, original cost studies, and similar inquiries initiated by these two Federal bureaus. In passing, it might be noted that it takes only 13,000 man-hours to build a Liberator B-24 bomber.

Integration procedings and preparation for them, instituted by the SEC under Section 11 of the Act, have consumed an estimated 1,725,400 man-hours, or at the rate of more than 86,000 a month. Original cost studies initiated by the FPC have required 7,058,800 man-hours of work, or an average of nearly 353,000 a month. And other actions instituted by one or the other of these Commissions have necessitated 941,100 man-hours of work, or at the rate of more than 47,000 a month. These figures, moreover, represent only the actual time of employees engaged in carrying out the studies, digging out the statistics, and compiling and preparing data for presentation. They reflect little, if any, time devoted to this work by executives and supervising officials, nor do they include the time of commission personnel consumed by these activities.

The hardships inflicted on electric utilities by the diversion of this huge total of man-hours to non-productive work will be apparent when the demands being made upon them are considered. During the 12 months ended June 30, 1943, all electric systems contributing to the public supply of power for distribution to consumers produced 200,858,051,000 kw-hrs of electricity, or 63.8% more than was generated in the 12 months ended with June, 1939, practically the last full 12 months of peace throughout the world. Moreover, they produced this volume of current with proportionately less generating equipment, since the installed generating capacity of these systems was only 21.2% greater at the end of June, 1943, than it was four years earlier. Then, too, the demands made upon these electric systems in the June, 1943, year by large industrial consumers, mostly engaged in essential war production, were 105% greater than in the June, 1939, year. And to make the job all the harder, these electric systems had 42,760 or 17.8% fewer employees on June 30, 1943, than they had four years earlier.

The tremendous burden imposed on these electric systems by having more than 2½% of their employees forced to devote their full time to digging up data for Federal agencies, particularly when that information in no way furthered the war efort, should be apparent. If for no other reason than conservation of manpower, Congress immediately should adopt legislation to suspend the non-essential activities of the SEC and the FPC for the duration, or until such time as conditions more nearly approach normal.

In addition to the drain on war-depleted utility manpower, there is another reason why Congress should grant privately owned electric and gas utilities the relief a moratorium on these phases of commission activity would provide. "Rapid compliance" with the "death sentence" of the Holding Company Act, for which the SEC now is pressing, will force the sale by holding companies of operating subsidiary equities not only in a disturbed security market, but during a period when earnings are threatened by vastly increased Federal taxes. The prices realized for these equities, moreover, will not be determined on the basis of actual value, but because holding companies must sell under governmental compulsion, while security underwriters and investors are under no mandate of government to buy.

According to Standard & Poor's published data, operating utility common stocks reached an index value high point of 120 in the 1925-1926 period, well before the boom market in stocks had carried their prices to fantastic levels. These same stocks, however, reached an index low of 82 in 1932, while their index value on July 28, 1943, was 88.8, or only 8.3% above the level reached at the bottom of the depression. Furthermore, the Dow-Jones index for utility common stocks showed a 1942 low which was 60% beneath that of 1932, while the average high price in 1942 of all operating utility common stocks listed on the New York Stock Exchange was but 50% of the average high price reached in 1932.

Commenting on the injury that would be inflicted upon investors by the forced sale of portfolio securities by holding companies under present conditions, Leo T. Crowley, not only Chairman of the Board of Standard Gas & Electric Company, but Alien Property Custodian, Chairman of the Federal Deposit Insurance Corporation, and recently made head of the Office of Economic Warfare, said in early May, 1942:

"Certainly it is not in the interest of any security holders to dispose of assets of the company at sacrificial prices prevailing under extremely abnormal conditions. The 'death sentence' clause is being enforced by the SEC at a time when the utility earnings are being depressed by declining selling prices, rising costs, and high war taxes. Certainly the harm to the owners of utility securities overwhelmingly offsets any possible harm to the public interest due to deferring the 'death sentence' clause."

The Federal Government already has shown a willingness to protect foreign investors, faced with similar market conditions. Two years ago, when the British Government was confronted with the problem of paying for war materials and supplies bought in this country before passage of the lend-lease act, it was proposed that British-held securities of American corporations be sold in this country to provide the necessary funds. Market values, however, had been depressed by the war and any forced sale of these holdings offered the prospect of substantial loss. The solution to this problem was described in the "New York Times" of July 14, 1941:

"Negotiations are in progress, according to recent Washington reports, whereby the Reconstruction Finance Corporation would create a huge pool of capital to make loans against British holdings, thereby keeping such investments from forced liquidation, preserving market values and providing an opportunity for the British either to reclaim the assets behind the loans after the war or market them at what Jesse Jones, Federal Loan Administrator, has termed 'fair value' prices."

A moratorium for SEC "death sentence" activities, obviously, would solve not only this problem of forced sale of operating utility stocks at below their "fair

Summary of the American, British and Canadian Currency Plans

(Continued from page 697)

	The American Plan	The British Plan	The Canadian Plan
Credit Balances	Should the Fund's holdings of any currency drop below 15% of that country's quota, a report will be established, showing the causes of the depletion and making suitable recommendations (sale to the Fund of excess foreign exchange and gold, reduction of foreign balances by its nationals, etc.). Should the drain of a currency persist and the Fund's holdings be threatened with exhaustion, the Fund would apportion its remaining supplies among members by some equitable method of distribution. No interest would be charged on credit balances.	Should a member's balance exceed half its quota, over one year, the Board would suggest one or all of the following corrective measures: Measures for the expansion of domestic credit and demand; appreciation of its local currency in terms of Bancor or, alternatively, an increase in money rates or earnings; reduction of tariffs and suppression of export premiums; international development loans. A member can obtain a credit balance by depositing Gold with the Clearing Union, but cannot demand Gold from the Union. The Board is empowered, however, to distribute Gold to a member possessing a credit balance in excess of a specified proportion of its quota. Creditor countries would have to pay interest on their Bancor balances.	Upon request, a member would have to sell to the Fund against its local currency or for foreign exchange all free Gold or Foreign Exchange it acquired in excess of the amount held when joining the Fund. Periodic reports would have to be submitted. Should the Fund's operations result in net sales of a particular currency, up to 75% of the quota, a program of capital investment in cooperation with such international investment agency as may exist would be worked out to increase the supply of that currency. Should the level reach 85%, a report similar to the one foreseen in the American plan would be rendered and the Fund would proceed to ration the scarce currency and reconsider the exchange rate structure. No interest would be charged on credit balances.
Blocked War Balances	The Fund would have power to buy from member countries abnormal war balances held in other countries, provided the seller agrees to purchase 40% of these balances at the rate of 2% per year, within 23 years. The country in which the abnormal balances are held would agree to transfer them to the Fund and to repurchase from the Fund 40% of them at the rate of 2% a year, within 23 years. The Fund could dispose of part or all such war balances after the 23-year period, or sooner, under certain conditions.	No definite proposal, but it is suggested that some provision will have to be made during a certain transitional period for converting blocked war balances into Bancor, without undue hardship to the debtor country.	During first two years of operation, the Fund would have the right to buy (up to a limit of 5% of the quotas of all member countries) war balances held by members in other member countries, for the national currency of the selling country or for foreign exchange needed to meet current account deficits in such country's balance of international payments. After two years the Governing Board would submit a plan for gradual further liquidation of war balances and other financial indebtedness of similar character.
Exchange Restrictions **Capital Movements**	Restrictions on capital movements would be retained, but restrictions on foreign exchange dealings concerning current trade requirements would be progressively removed.	Maintenance, or removal of exchange restrictions are optional. The maintenance of a limited control over capital movements is suggested.	Members with net debit balances up to 25% of their quota would be required to exert control over outward capital movements. Removal of exchange restrictions urged, whenever conditions permit.

value" prices, but, in addition, partially would cure the evil of wasted utility manpower.

Still another reason why Congress should suspend enforcement of the "death sentence" for the duration is that the high Federal taxes imposed on privately owned utilities, but from which publicly owned utilities are exempted, are forcing electric utilities into the ownership of their served municipalities. Total taxes paid by privately owned electric utilities, alone, in 1942 were equivalent to 24% of their operating revenues, with Federal taxes accounting for 64% of all governmental exactions. Municipally owned electric utilities, however, paid no Federal taxes, few if any State taxes and often but token local taxes.

One instance will serve to show the advantage to municipally owned electric utilities arising from Federal tax emption. During 1942 the Federal taxes paid by The Montana Power Company were 117.8% higher than those paid in 1941, while operating revenues increased only 19.3%. As a result, its 1942 net income, available for dividends on preferred and common stocks, was 6.2% below that of the preceding year. In comparison, the operating revenues of Seattle's municipally owned electric system in 1942 were 18.4% above those of 1941, but mainly because it paid no Federal taxes, its 1942 net income was more than 167% higher than in 1941. Because municipally owned utilities can "save" the amount privately owned utilities contribute to support of the Federal Government, communities and districts now constitute practically the only buyers for electric utilities forced on the market by the "death sentence." And for this reason, enforcement of the "death sentence" in the present emergency is, in effect, driving privately owned utilities into public ownership.

Certainly, precedents are not lacking for congressional relief of segments of the population threatened with loss during an emergency. During early depression years, many of our farmers, who had mortgaged their lands, were faced with wholesale foreclosure and loss of their properties, because "fair value" prices no longer existed. So, through adoption of the Farm Moratorium Act in 1935, Congress came to their rescue. In a similar manner, through passage of the Home Owners Loan Corporation Act in the same year, it afforded relief to the owners of mortgaged homes. And, through the Reconstruction Finance Corporation Act of 1935, business in general was given relief.

Already many of our state public service commissions voluntarily have instituted what, in effect, are moratoria for the duration on matters affecting rates and other regulatory activities. One of them even has asked the Federal Power Commission to discontinue one of its proceedings until after the close of the war emergency. In addition, a member of the Interstate Commerce Commission, by implication, and the Attorney General of the United States, directly, have indicated that "regulation as usual" of common carriers is "out" for the duration. These will be discussed in chronological order.

On June 4, 1940, the New Jersey Board of Public Utility Commissioners said, in part, in suspending final action and decision in a proceeding to determine the justness and reasonableness of rates charged by the Jersey Central Power & Light Company:

"The Board has taken the indicated course, because it is apparent that any conclusion reached now by the Board as to value of property, operating expenses and rate of return can have no assured stability for any reasonable period in the future. World conditions already have affected the financial markets and price levels; the continuation of war and preparedness activities of the Federal Government, if past experience counts, will further affect such markets and price levels; the immediate future of its effect upon factors entering into rate-money by order is highly uncertain."

In early January 1942, the Massachusetts Public Utilities Commission, in dismissing a petition for investigation of telephone rates charged by New England Telephone & Telegraph Company, said, in part:

"In our nation's present crisis, the company is commendably and capably serving in a capacity in the common endeavor. * * * It would not be in the public interest to intervene at this time."

In a report by the American Bar Association's Special Committee on the Effect of National Defense Laws and Regulations on Public Utilities, which was signed by Clyde B. Aitchison of the Interstate Commerce Commission, among others, and was presented to the Annual Convention in August, 1942, appears the following:

"It is axiomatic that the systems of regulation of common carriers which have been devised by Congress and the States have been primarily conceived for normal times of peace and to apply under conditions of normal competition between carriers and between shippers. Many features of regulation which are entirely sound in times of peace become obstructive to efforts to the national defense if enforced too rigidly in times of war. * * * Regulatory machinery, in time of war, has to be geared to the tempo of the war effort."

A news report in the "New York Times" of November 13, 1942, credits Attorney General Francis Biddle as saying that the Department of Justice has no intention of instituting any proceedings against common carriers, "which will impede or obstruct the war effort." And he continued:

"In order to dispel whatever misconception may exist, I should like to state simply that no investigation into or disturbance of the existing normal and established activities of carrier rate bureaus and conferences is contemplated by the department. I feel that any such program at this time would unduly diffuse the activities and energy of the carriers and hence unnecessarily burden them."

In a Statement of Policy on its attitude toward utility earnings during the emergency, adopted June 7, 1943, the Pennsylvania Public Utility Commission said:

"* * * the Commission deems it inadvisable to institute formal investigations into the reasonableness of existing rates which appear to the producing increased earnings as the result of an artificial economic situation created by war conditions."

And, finally, approximately a month ago, the South Carolina Public Service Commission asked the Federal Power Commission to discontinue, for the duration, a proceeding instituted by it designed to give the FPC jurisdiction over the Portman Shoals development of the Duke Power Company. Stating that the South Carolina commission desired to be made a party to the proceeding, and noting that depletion of its engineering staff and other personnel, as well as those of the utility, would make it difficult to proceed with the case at that time, Chairman James W. Wolfe of the State Commission, said in a letter to the FPC:

"We can see no relationship between such proceedings and the national war effort. . . . Our opinion is that to carry this matter to its ultimate conclusion during our national emergency will be an irretrievable waste of manpower, transportation and other essentials that should be devoted to the war effort. The Portman Shoals plant has been operating for almost half a century, and even if it were licensed immediately, without contest, we can see no change in conditions that would follow except the few dollars license fees that would be paid."

It is hoped that our Senators and Representatives will recognize that studies, investigations and proceedings instituted by the Securities and Exchange Commission and the Federal Power Commission, which consume nearly half a million man-hours of work a month by the war-depleted staffs of privately owned utilities without making any real contribution to the war effort, should be sidetracked until more serious business is settled. As President Roosevelt said in his radio address of July 29, "The all-important thing, the all-important thing now, is to get on with the war—and to win it."

"The Chronicle" invites comments on the views expressed above by Mr. Abrams, or on any related phases of the subject under discussion. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Spruce Street, New York.

"Our Reporter On Governments"

By S. F. PORTER

Not much going on these days. . . . A dull, uninteresting market which is waiting for the September deal or some other major news to move out of its rut. . . . Reaction is just about over, temporarily, at least. . . . Important rally hasn't gotten under way and may not until the next financing is completed and we have denial or confirmation of disturbing rumors about possible slow selling. . . . The commercial banks generally are on the sidelines. . . . Insurance companies have just about finished their liquidation of tax-exempts and between now and September 9, the rest of their selling should be tied up in a bundle and put away on the shelf. . . . Which will be a welcome relief to all who own exempts and a last warning signal to jump aboard to all who are waiting to buy more. . . . But that's in the future and deserves a story by itself. . . . As of this week, the prime news is "market quiet, best policy for you is to follow suit." . . .

Incidentally, it is a fact that the big insurance companies have been selling exempts and thus have contributed to the sloppy market in the favored long-term tax-exempts recently. . . . Story is a few large companies were fairly active on the liquidation side throughout the decline in the long-term exempt issues and especially, throughout the drop in the 2¾s of 1965-60 from 112.30 to 112. . . . But this type of selling has been going on for almost two years. . . . It must be near its end by now and according to reliable reports, it is definitely being finished. . . . Chances are the insurance firms most involved in this activity will complete their operations by the time the new "basket" of issues is ready for offering in September. . . .

And that will mean one tremendous weight will be off the exempt market—particularly off the last four issues—for good. . . .

You don't need any elaborate explanations to come to the obvious conclusion. . . .

THE 3¼s

Morgenthau has now announced that holders of the 3¼s of 1945/43, called for redemption October 15, are to be given an exchange offer. . . . Confirming the market's hint during recent weeks that these would get this exchange privilege, for the bonds have been way up in the last few months. . . . And regular cash payment just simply wouldn't have justified a premium of 100.19-100.21 directly before a redemption. . . . Also Morgenthau has disclosed the bonds will remain outstanding until next month, for they're to be exchanged shortly after the close of the third war loan drive. . . . A good coupon for a few weeks, incidentally. . . .

It's a pity Morgethau waited until this last minute to exchange these. . . . Actually, he missed his market. . . . The deal should have been handled in July or during the first week of August. . . . He's making it unnecessarily difficult by delaying action. . . .

One interesting angle about the exchange offer is that commercial banks owning the 3¼s are to get a par-for-par exchange into the new 2s of 1953/51, coming out in September. . . . If allotments of these to banks are on a percentage basis, the par-for-par exchange may be of more-than-ordinary value. . . . Holders other than commercial banks may exchange the 3¼s into 2s or 2½s—but they could get as many of these as they want anyway. . . .

But there's another angle to this story about the 3¼s, which is of more interest to more people. . . . And that is, the effect this elimination of a popular tax-exempt issue will have on the long-term exempts. . . .

To begin with, here's the data on distribution of this bond among investors:

There are $1,401,000,000 3¼s outstanding. . . .

Of this total, $619,000,000 represents holdings by commercial banks. . . .

$46,000,000 rests in the portfolios of savings banks. . . .

$56,000,000 belongs to insurance companies in the life insurance end of the business and $34,000,000 to fire and other concerns. . . .

$179,000,000 of the issue is in the Federal Reserve System's investment portfolio. . . .

$466,000,000 is in the portfolios of "all others." . . .

To put it briefly, then, at least $1,000,000,000 of the 3¼s may be traced to the portfolios of those investors interested in tax-exemption—the $619,000,000 plus the $466,000,000 classifications. . . .

And to go on from that point, it is logical to expect that at least 20% of this money will find its way back to tax-exempt bonds shortly after the 3¼s are paid off. . . .

And to finish the argument, that means at least $260,000,000 may be seeking long-term tax-exempt bonds later this fall. . . .

Just another point to bring out this writer's belief that the long-term tax-exempt issues will be selling above today's levels by the year-end. . . .

Maybe you'd better watch those 2¾s at their current price of slightly above 112. . . . And while staying close to the sidelines is the wisest policy at the moment, there may be a day soon when purchase of these bonds is indicated. . . .

THE SEPTEMBER DEAL

Said one dealer:

"There'll be plenty of 2½s and 2s around come the third war loan. You'll be able to pick up all you want."

Said another:

"While the $15,000,000,000 goal may be reached, it'll be hard pulling and the Treasury's men will have to go out and work hard on this one."

Said a third:

"Morgenthau may have been regretting his decision when he remarked a few weeks ago that if the third war loan didn't go well, there'd be a fourth loan in December. That, to me, was a tip-off on the Treasury's apprehensions."

Said a fourth:

"He may get the cash he wants but I'll wager he doesn't get it from the people he wants it from. In short, I expect the insurance companies, corporations, etc., again will have to step in and hold up the subscription totals."

The quotations tell the story. . . . There's a lot of talk around about the coming September financing and a considerable portion of it is discouraging. . . . Not the goal but the high goal plus the barrier raised against bank subscriptions may be blamed. . . . In addition, experts are bothered about the coincidence of the September 15 income tax filing date and payment with the drive. . . . Are disturbed about the effect the opening of tax conversations in Congress on September 8 will have on the success of the campaign. . . . Are looking forward with some fear to the possible let-down in enthusiasm among individuals because of the psychology of "the war will end soon." . . .

Whatever the specific factor, the reports are about. . . . This is a confirmation of the first story on this development two weeks ago, printed here. . . . And while you may take for granted that the goal will be achieved—by artificial pressure if by no other force—the "hard pull" is likely to have an adverse effect on the price level for a while. . . .

To put it another way, it may be wise for you to hold off on doing anything until you see how the September deal is going. . . . Then you can step in and buy your tax exempts or some new 2s or 2½s. . . .

As for the bank offering, to follow the public war loan drive, that's the one to watch for quick profit. . . . Assuming the banks are offered 2s due 1953-51, and assuming the public already has bought these on a large scale, we may anticipate a premium of ¼ point or so shortly after the bank books close. . . .

Watch your 2s of 1955-51, now selling at 100.15, for a clue to market trend on this pending issue. . . .

Post-War Exchange Stabilization Reviewed

(Continued from page 696)

rates and our "external" currency. Thus whether "internal" dominates "external," or vice versa, depends upon the point of view, and Mr. Drucker, in speaking from an essentially British point of view, is likely to confuse American readers.

The situation, when carefully examined, is, in fact, not one of habitual "subordination" of one side to the other at all but just another case of economic balance where a change on either side can initiate and cause the other side to tip and "subordination" can, in consequence, run in either direction.

There is a final possibility that what the "Economist" calls the "onus of securing desired changes in international payments" may have been shifted by the Keynes plan from the debtor nations which, in a way, he represents, to the creditor nations who can better afford the burden. This might be all right as a temporary matter until the gold standard is reestablished but should not be overlooked by the creditors as a possibility in their appraisal of the plan.

American Interests

Two major American interests in these plans are:—1. How much ought we be willing to contribute, through this and other programs, toward giving hope and aid to war-torn Europe and Asia? 2. How far should we be willing, in the post war world, when it comes our turn to deflate through accepting foreign imports, to let competitive foreign goods come in, instead of, as in the past, raising tariffs, depreciating the dollar, and so on.

On the first question, if we are willing, as we seem to be, to go into debt two or three or four hundred billion dollars to win the war, we would seem foolish to balk at spending another twenty billions if we have to to finish the job and secure a sound peace. If we are wise we will not lose this added money because, if we decide to refuse to accept repayment under any of the other plans we can still get something substantial under that of Mr. Dewey.

On the second question, how far should we be willing, under any plan but Mr. Dewey's, to reverse our traditional Republican high tariff policy, and, when it comes our turn, accept deflation and unemployment and competing foreign imports? For that is the test, and, unless we do reverse this policy any exports under any of the other plans will be given away by us as similar exports were given away after the last war. The size of these gifts, under the Keynes plan, could be punitive in amount, with no limit except the combined extent of other nations' quotas. An intelligent choice, therefore, between the first four plans, on the one hand, and that of Representative Dewey on the other, logically involves a prior decision as to our attitude toward the admission of these competing foreign goods.

Broadly speaking economists would defend the following generalizations:—1. Tariffs between foreign countries, Canada, for instance, and the United States, are no more sensible from the economic standpoint, than tariffs between Pennsylvania and Colorado or between California and Florida. 2. Our tariff policy, for the past 25 years, and in spite of Cordell Hull, presents a tragic example of the political triumph of local pressure groups over the national interest. 3. Our tariff policy, in the past 25 years, while benefiting us but little, has done untold mischief abroad, to employment, to credit, to the gold standard, to political stability. 4. An objective observer, an economist from Mars, let us say, would be stunned at the spectacle of a great creditor nation deliberately shutting out, as we did in the 20's, foreign goods offered us for nothing, or, to be quite accurate, offered us for dollar payments which the sellers were most eager to return at once as interest upon their debts to us.

Have we learned our lesson as to tariffs? If not, and there is no convincing evidence that we have, the Dewey plan will be our best way out, giving limited help abroad while getting something tangible and non-competitive for ourselves.

If we have learned our lesson even the Keynes plan, if properly modified, should do us no harm. It reads, "It is not contemplated that either the debit or the credit balance of an individual country ought to exceed a certain maximum—let us say its quota." That would mean that our net sales on credit were never expected to exceed 4.5 billion dollars. That expectation, if only we refuse to sterilize gold and raise tariffs and so on, is a reasonable one, and, in time, our credit balance should work down to zero. The plan can certainly be improved, by incorporation of the best features of the Morgenthau and the Canadian plans. Purchases of war materials, such as suggested by Mr. Dewey, would be a useful adjunct, cushioning deflation when it came. But the Keynes plan is ample to win us friends abroad during the war. It would provide a useful barometer of disequilibria in world trade and a strong incentive toward curing them when they arise. If we decide on tariff sanity we need not rule it out. And no intelligent decision can be made on these plans until we do decide about our tariff policy. That is an essential sane preliminary.

Melchior Palyi

In the past week a sixth plan has been published in the "Chronicle" by Dr. Melchior Palyi of Chicago. He proposes an international lending agency called International Reserve Bank. Its unit of accounting is a dollar containing 1/35 of an ounce of gold of standard fineness. Memberships in the Bank are purchasable by each country at a cost of 5 million dollars of which 2.5 millions are to be in gold and the remainder in local currencies or banking credits. Votes are to be in ratio of one vote for each 5 million dollars contributed and contributions may be larger. Of the net earnings 75% are to be paid to members in proportion to their contributions and 25% to capital. There is some compulsion to join, because members, while forbidden to practice exchange manipulation, capital import and export prohibition, etc., upon other members, may do so on outsiders. In event of voluntary withdrawal, members agree to forfeit deposits and they also agree, except upon a two-thirds vote, to maintain the gold values of their own currencies.

The IRB may borrow (scarce currencies, presumably) in amounts equal to the sum of its capital funds plus "permanent deposits." Permitted methods of borrowing are: (1) Accepting time deposits of three months or less (presumably this means obtaining three months banking credits). (2) Issuance of short-term (3-12 mos.) paper. (3) Issuance of 5-15 year medium-term bonds guaranteed by member countries. (4) Through guaranteeing medium-term obligations of members. In case of liquidation these liabilities shall be a prior lien on all assets except those segregated in the Clearing Fund. A gold reserve of 10% or more must be kept against all obligations maturing within a year, and other obligations shall be serviced by an amortization fund in gold sufficient to take care of at least 50% of the obligation on maturity, the amount of yearly gold being proportioned to maturity. On a 15-year bond the amortization fund would apparently accumulate at the rate of about 3% of the face value each year. Lending to any country cannot be "in excess of 20% of IRB's capital plus 'permanent deposits.'" There appears no other restrictions on amounts that may be lent.

Lending is confined to members and must be authorized by a two-thirds vote, the borrower being excluded from voting. The borrower may not re-lend at less than a 1% advance in interest rate. Short-term lending is limited to rediscounting, with collateral required when the loan exceeds in amount the member's "permanent deposit." Foreign assets are "preferable" as collateral. After two years, renewals are to be discouraged. "Intermediate credits" are to be sharply scrutinized as to purpose, collateral, budgetary and currency practices, and the borrower may "be asked to regulate his economy" in such respects. The results of the scrutiny are to be made public for discussion a month in advance. Intermediate credits may be used, (1) To liquidate debts owing other members (including debts on abnormal balance account). (2) To finance special purchases. (3) To stabilize exchange. In the latter case the funds made available shall be kept in the hands of the IRB and used in its discretion. The borrower agrees to limit use of any funds to the specific purpose indicated; to forego increases of currency or bank credit (presumably during the life of the loan); also either to eliminate budgetary deficits altogether or else to finance them through long-term, non-banking sale of bonds to private buyers. The interest rate on IRB intermediate loans must be 1% more than the average paid on the borrower's own bonds in the preceding ten years.

International clearings are managed by the Board with separate clearing balances for each country, withdrawable on 60 days notice, of $500,000 in gold as a minimum. 50% of the minima and 80% of balances in excess of minimum are to be kept in gold, the rest in internationally marketable, two-name (one a bank), short-term paper drawn in any gold standard currency. In Mr. Palyi's comment it appears that debtors owing "abnormal balances" can borrow to the extent of these balances, or, if preferred, the creditor can list the balances as part of its own "permanent deposit" with repayment due in 20 year installments.

A necessarily brief study suggests the following comments on the Palyi plan.

"The monetary unit of the IRB," although called a "Gold Dollar" and given a gold content of 1/35 of an ounce of standard fineness, is not, apparently, made legal tender in the U. S. A. or any other country. Its acceptance is not made compulsory upon any country or bank. And its redemption in gold is not arranged for. No other effective means of maintaining its value is provided. It is true that member countries must keep their own currencies stable with reference to gold—although at what ratio or how that ratio is fixed is not made clear—but they are not obliged to keep them stable with reference to the IRB dollar. The value of that dollar, in the international exchange market, would, therefore, be highly problematical so that, while borrowers might be expected to be eager to borrow under the plan, there seeems no sufficient inducement on lending countries to lend, or to accept payment for their exports, in irredeemable IRB deposit accounts. The IRB, therefore, would apparently become a "lending" agency ony to the extent of the internationally salable dollars, gold, etc., it could deliver and its usefulness would be limited very closely to what we, and a few other countries with goods to sell, put into it. As it stands it is weaker than the other plans in helping European reconstruction.

In order to make the potential usefulness of the bank clearer, however, let us give it the benefit of all doubts and suppose that the IRB dollar, at its fixed price in gold, is made acceptable by member countries just as member countries are required to accept bancor, at the gold price fixed, under the Keynes plan. Then, when an American exporter drew on his foreign customer and the customer handed the draft to his foreign bank and the foreign bank borrowed the (negotiable) IRB dollars, with the draft as collateral, from the IRB and sent the American exporter his check, payable in IRB funds, some agency here, presumably the U. S. Treasury, would be bound to accept this check at its face value and deliver U. S. legal tender dollars to the exporter. But where would the Treasury procure the dollars? Presumably, unless gold certificates could be issued against IRB deposits, through sale of government bonds or notes to the public or to the banks. There are other possibilities and any attempt at comprehensive discussion leads off into a maze of alternatives.

This, however, can be said, that, once acceptance of IRB dollars is made compulsory on member countries, then the lending capacity of the IRB is limited only by the 10% requirement as to short term paper and by the sinking fund requirement as to longer-term loans. A revolving fund of medium-term loans, each requiring a 50% sinking fund in gold at maturity, would normally require an average sinking fund on hand of 25% so that the ultimate lending capacity of the IRB would work out to somewhere between four times (if all the loans were medium-term) and 10 times (if they were all short-term) its gold holdings. It could be expected, consequently, to become an inflationary force in world affairs to the extent of only something like seven times its gold holdings. If 40 nations joined and made minimum contributions in gold, then the gold holdings of the Bank would be only $100,000,000 and the credit it could issue would be only $700,000,000, an amount which seems inadequate to the purposes to which these plans direct themselves.

Mr. Palyi, however, expects the U. S. A. to contribute something like 2 billions in gold as its generous share. In that case the lending power of the fund, on the theories suggested, would be over $14,000,000,000. That could mean that we would sell goods to something like that amount on IRB credit and the weakness of that solution, as has already been indicated, is that, unless we change our tariff attitude, we will get nothing for our goods except these irredeemable "dollars." Pressure on the debtor nations, such as has existed for the last 25 years, is provided by Mr. Palyi's plan and debtors must tax and deflate and try to ship goods but nothing is done to force creditors to make a market for these goods.

There can be no "stabilization" of a one-way movement of money, nor any "clearing" of a one-way movement of goods. Money exists largely as a medium of exchange, and no manipulation of money, however ingenious, can in the long run compensate for lack of actual exchange. That exchange the debtor, alone, cannot force.

The CHRONICLE invites comments on the views expressed in this article by Mr. Cist, or on any related phases of the subject under discussion. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Spruce Street, New York (8), N. Y.

Charts Progress Of Private Industry In New York City

The importance of private industry to the welfare and progress of New York City is indicated in a survey of workers, covered under the Unemployment Insurance laws, compiled by the Commerce and Industry Association of New York.

A graphic chart, prepared by the Association's Industrial Bureau, shows the average monthly employment of covered workers in 1942, in all industries, totaled 2,399,523. This, says the Association, is over 18% of the total combined populations of the next ten largest cities in the country. The advices made available on Aug. 14 by Roy C. Elmendorf, Manager of the Publicity Bureau of the Association, further said:

"981,339 were employed in manufacturing industries, and 1,418,184 in non-manufacturing. In the non-manufacturing group, wholesale and retail trade combined showed an average of monthly covered employment of 577,818, or 24% of the total.

"Among the outstanding groups are those employed in the apparel and related manufacturing trades with 314,594 employees, or 13% of the total; and full time and limited function wholesalers, with 126,373 workers."

Cotton Report as of Aug. 1

A United States cotton crop for 1943 of 12,558,000 bales of 500 pounds gross weight is forecast by the Crop Reporting Board of the United States Department of Agriculture, based upon information as of August 1. Such a production would be less than the 1942 crop by 266,000 bales or 2.1%, but 84,000 bales above average production during the 10-year (1932-41) period.

An all-time record United States average yield of 279.4 pounds is now indicated. Such a yield would be 7 pounds above the previous record yield of 272.5 pounds produced in 1942, and compares with an average yield of 217.0 pounds.

In the southern part of the Cotton Belt, estimated yields are generally better than last year, but in the more northern areas it appears that the unusually high yields of 1942 will not be reached. Yields well above average, however, are indicated for all States excepting California and Arizona.

Weather conditions thus far have been generally good for growth and development of the cotton crop. Stands are unusually good and the season has been warm, with most areas free from excessive moisture.

Excessive rainfall in the Eastern Seaboard States during the first half of July increased the threat from weevils in that area, but dry hot weather during the last part of the month has helped to check the damages from this source. Infestation of weevils in all States, as reported by correspondents on August 1, is below that for 1942 when loss from weevil was about average.

The crop is generally earlier than usual, being from one week to two weeks early in most areas. As the result of floods in May and early June, the crop in Missouri and in parts of Oklahoma and Arkansas is somewhat later than usual.

Harvesting is progressing rapidly with the census report showing ginnings to August 1 at 108,653 running bales from the crop of 1943, compared with 48,626 for 1942 and 1,969 for 1941.

We Must Make Up Our Minds

(Continued from page 689)

mand tariff protection on the ground that German manufactures competed with our own products. Or if Argentina should seek to pay for American automobiles by sending us corn and beef, our farmers would demand tariff protection for their own American-grown corn and beef. In either case, the difficulty of securing foreign exchange to settle international balances would tend to bar our products from other markets.

(It is significant, in this respect, that Argentina is the one South American country which has steadfastly refused to break off relations with the Axis. German manufactures and Argentine food products complement each other and form a natural basis for trade, whereas we raise our tariff barriers against Argentina's exports because they compete with our own. No amount of "Good Neighbor" sentiment is likely to upset this elementary economic situation, once normal peace time trade relations are resumed.)

Unless, therefore, we find a way to permit other countries to balance their trade with us by the exchange of products, there would seem to be a distinct limit to the possibilities of foreign trade as a means of maintaining our industrial activity.

In the period between the two World Wars, the United States ran the whole gamut of experience with foreign trade. The rehabilitation of war-ravaged countries plus the filling of the civilian needs dammed up during the first World War gave us a few years of illusory prosperity—illusory because much of it was based upon our own money loaned to other countries which subsequently defaulted on their debts. We maintained for a brief period a semblance of business activity by sending abroad goods we might have used at home, and for which eventually we were not even paid.

Subsequently, such trade as we did was settled for in gold, with the consequence that we now have some 80% of the world's gold supply, which we don't know what to do with.

The policy of "autarchy," or national self-sufficiency, so widely adopted in recent years, was the direct outgrowth of this situation. With its collateral policies of "blocked" currencies and exchange control, it put foreign trade, especially in the Fascist countries, under the complete domination of the state, where it became a potent weapon of economic warfare.

At the end of this war there will be the same problem of rehabilitating the war torn countries and a tremendous reservoir of deferred demand, at home and abroad. This may give us a brief interval of relative "prosperity," in which to make preparations for the inevitable time when foreign nations will run completely out of valuta, and must either cease to buy from us or pay for our products by sending us their own. If then we refuse to accept their products, as we did after the last war, our foreign trade will decline and our industrial activity along with it.

Investment of American capital abroad might postpone this outcome, but only temporarily. Interest on American money loaned abroad could be paid only as we accepted their goods in our markets, while every factory built by American capital in a foreign country would become a competitor with our own industry, especially when built in countries having a much lower standard of living.

Furthermore, in order to compete in the international markets we should have to keep our own costs down. This would mean a policy of low wages and low prices, which in turn would restrict the internal market and sharpen all the latent antagonisms in our national life—between capital and labor, debtor and creditor, agriculture and industry, East and West.

Clearly, then, it is questionable whether foreign trade and foreign investments can be depended upon to maintain maximum production and full employment in the post-war world.

Prosperity Through Developing Our Internal Market

In the "Chronicle" of Aug. 5, Mr. E. S. Pillsbury, of Century Electric Co., of St. Louis, in an interesting letter discussing this question, used the following quotation, which he attributed to W. A. Manford, an economist. We give it in full because it states succinctly the point of view of those who believe that the solution of the problem of maximum production and full employment lies in developing the home market:

"There is no need for any nation with an intelligent economic system to export more than enough to pay for its needed imports. Whenever goods are produced, the total costs of producing them, including interest and profits, reaches some one's hands as purchasing power, and thus automatically enable the nation to purchase its total product. The market for all goods, other than those we must export to pay for our needed imports, is right in our own country, raising the standard of living of our own people."

Stated thus simply, it is difficult to refute Mr. Manford's argument, although there are economists who deny that "the total costs of producing them, including interest and profits," equals the final price of goods. There is no doubt that if we maintained maximum production and distributed "buying power" widely enough to carry our products on the market, there could be a considerable increase in the living standards of our people. Our "national income," measured in dollars, has fluctuated from $40 billions in 1932 to around $120 billions in 1942, and this year is expected to go higher. The difference, of course, is due to the demands created by the war. But if enough "buying power" were distributed, there is no **theoretical** reason why an equal production should not be attained in peace time.

But the problem is not as simple as Mr. Pillsbury seems to think, and the writer wants to go on record as admitting it. It is not enough that sufficient "buying power" should be distributed—**it must be spent**, and spent in particular, predetermined ways, with a proper balance between producers' goods and consumers' goods. Unused "buying power" would "gum up the works," and this raises a host of questions of the utmost gravity.

It is difficult to see how we could "expand the internal market" sufficiently to attain maximum production without an elaborate system of "planning." Labor and capital must be shifted from many fields, where we now produce an exportable surplus to others. The whole machinery of foreign trade must be revamped and brought under governmental control. The distribution of the national income as between different groups would produce tremendous problems and stresses, and probably necessitate attempts to fix wages, profits and prices by governmental decree.

In short, the attempt to "expand the internal market" conceivably might take us a long way down the road toward that very totalitarian dictatorship we are supposed to be fighting to destroy.

A Condition and Not a Theory

But we are, or soon will be, faced with a condition and not a theory. In a matter of months we may have to decide what to do with millions of demobilized soldiers and war workers. We dare not turn them adrift without jobs, lest they fall under the sway of demagogues who might pull down the whole edifice of our national life. And equally, we dare not allow our industrial activity to sink to the levels that prevailed during the depression, lest we destroy the tax base necessary to service the colossal debt with which we shall end the war.

In spite of the admitted risks and dangers attendant upon the attempt, we shall have no alternative but to maintain at all costs the ability of the internal market to absorb the full product of our industry. We must balance our economy on a high level of productivity by making it possible for our own people to consume the full product of their labor.

The reward for this effort will be such an increase in the living standards of the American people as will lift us to heights of prosperity never before achieved by any people. But to accomplish this, we shall need, deliberately and purposefully, to follow certain social and economic policies. Industry will have to operate on the narrowest feasible margin of profit, passing on to the public in the form of low prices the benefits of technological progress and full employment of facilities. Wages and salaries (representing the largest single block of buying power) will have to be regulated, not downward, by competition for jobs, but at the highest levels compatible with continued industrial activity.

Where necessary, a floor must be placed under wages in order to lift the depressed classes to a higher standard of living, for only as buying power is **widely** distributed will it be possible to maintain full production. Social security legislation must be liberalized, and slum clearance and housing undertaken on a vast scale. There must be no more mass poverty while production facilities and labor lie idle.

The war has taught us that when faced with an emergency, our system of free enterprise is capable of performing miracles of production. Why, then, should be slump back into depression and unemployment when the war is over? What the war did was to furnish a market for all we could produce. The demand called forth the supply. The capital, labor and resources were here all the time. Our system of free enterprise will be judged, by history and by our demobilized soldiers, on its ability to produce for peace as efficiently as it has produced for war.

WM. G. LIGHTBOWNE,
New York City, Aug. 18, 1943.

Near At Hand—Fourth Anniversary Of The World War Outbreak

It gives one somewhat of a shock to realize that a few weeks hence we will be marking the fourth year of World War No. 2.

These have been four long and hard years, blue and discouraging at times but now, fortunately, the outlook seems overwhelmingly our way.

It may well be that the war at this time is whirling along into its final stages. How far away will be the end, or the pattern of those final stages, of course defies prediction. But on all fronts the tide seems to be running strongly and inexorably in favor of the Democracies.

In the Pacific it is the Japanese now who are on the defensive and we have the initiative, a reversal of the pattern of the six or eight months following Pearl Harbor.

Mussolini has gone and the Italians find themselves in an impossible dilemma; the populace sick and tired of the war and howling for peace, a peace that Italy cannot effect as long as the Nazis dominate the country.

Germany's vaunted air power, based on recent months, appears to be a thing of the past and the Allies have little difficulty in obtaining mastery of the air wherever and whenever they choose.

On the eastern front, where perhaps the "Sunday punch" is going to be delivered, the German summer offensive was abortive and the Soviet lines are sweeping westward at a prodigious rate.

Other decisive factors of course are seen in the amazing American arms production, the blasting of German cities and manufacturing centers from the air and the possibility that some of Germany's Balkan Allies may not hold on much longer.

Now all of this is not to be interpreted as any prediction that an early peace is inevitably at hand. On the contrary, we agree fully with the recent statements of Secretary Knox and Secretary Hull that the only course for the nation to pursue is one which assumes a long and violent struggle ahead.

But those charged with the supervision of investments these days cannot proceed altogether on any such categorical basis. One must have some sort of a point of view as to the war's duration and by the same token attempt to see with a fair degree of clarity something of the post-war economic and political pattern. And this is extremely difficult; for it seems quite evident that we are in a dynamic period when one must await the unexpected and prepare in advance for the most surprising happenings.

Consequently we can only repeat what we have said so frequently in our recent letters; viz. that investors may in the long run find it highly profitable to reduce disproportionate equity commitments and to reduce them down to a level where they will be reasonably "ex-worry."

Cash, government bonds, high-grade corporate bonds and preferreds we regard as necessary "shock absorbers" these days if investors are to negotiate smoothly the bumps that may be on the road ahead.—Ralph E. Samuel & Co.

Public Utility Securities

Utilities As "Peace Stocks"

Utilities owe a substantial part of their popularity in the past year to the fact that they are ideal "peace" stocks. There will be no transition problem from war to peace. While new peaks in power output are being established almost weekly, and current output is running about 70% over the pre-war level, the increased net earnings have been taken by the Federal Government, as indicated by the following figures (millions of dollars):

	1926	1933	1939	1942	Increase 1926-1942
Revenues	1,415	1,640	2,148	2,611	85%
Depreciation	121	166	249	294	143%
Expenses	609	600	798	1,011	66%
Federal taxes	133	212	140	402	371%
Other taxes			212	226	
Fixed charges	250	358	317	293	18%
Net income	400	404	539	499	25%

Had Federal taxes increased only in the proportion of state and local taxes during the war period, net income in 1942 would have been larger by $252,000,000. The balance for common stockholders would have gained 68% over 1939. Instead of this, net income dropped 7% and profits for common stockholders 11%.

Thus the utilities actually lost money in 1942 on their war-time business, (though they are doing a little better currently) and the expectation of a substantial cut in taxes after the war is an important bullish factor. On the other hand, if we are in for a post-war period of inflation, it is unlikely that taxes will be substantially reduced. In that event, the high tax rates will supply a strong cushion against higher wages and materials, since most utilities would be able to offset 80% of increased costs by tax savings.

Present huge sales of power to war factories are on a low-profit basis. Rates for residential service average nearly four times as high as for large industrial customers. In the past three years sales to residential customers increased 28% while factory sales gained 73%. After the war, there will be a huge pent-up demand for new radio-television sets, washing machines and all sorts of electric "household" gadgets. Increased revenues from residential sales will partly offset the loss of "war" revenues, and will yield better profit margins.

According to a recent writer in the Saturday Evening Post, General Electric has been studying the post-war outlook intensively. Their experts think we should have a national income of $140 billions, and to avoid depressions should spend $26 billions a year for "permanent things." On this basis G. E. sales are expected to run nearly double the pre-war level. They are planning intensively for an "electrical home" for everyone, rich and poor—electric garbage disposal units, electric dish-washers, better electric refrigerators and toasters, television, improved electric steam irons, Most important of all is a startling system of heating and cooling houses by electric air-conditioning using **one machine.** This makes use of a newly developed "reverse-refrigeration cycle," already in practical use, by which the same machine does both jobs.

These new developments, planned behind locked doors despite the pressure of war work, should create a huge increase in residential demand for electricity. This will mean lower rates, which will please Washington (some companies in the south and west with low residential rates sell far more "juice" to domestic consumers than other companies). The cost of furnishing the increased current will be comparatively small, hence the utilities should make larger profits even with lower rates.

The recent popularity of the "electronics" stocks recognizes a great new industry for the exploitation of innumerable uses of radio tubes. Electronics devices will be used throughout factories, shops, theatres and homes for all sorts of control jobs. This means increased consumption of electric current and more work for the utilities.

Another post-war factor favoring utilities is the current mass production of power turbines for the Navy and for Victory ships (we are turning them out six times as fast as ever before). The experience and lower costs thus gained can be readily devoted after the war to improving the efficiency of our utility plants, thus sharply reducing operating costs.

Fear of Government competition against the utilities has largely waned. Congress will no longer vote huge sums for new hydro-plants are admittedly more efficient. To be sure, we still have severe Federal regulations by the SEC and FPC, but Congress is being urged to defer the death sentence against holding companies "for the duration"—which would give us a breathing spell to consider much-needed revisions of the Utility Act.

Obviously, the utility stocks have been restored to market favor and while there may have been some speculative excesses in the more mercurial holding company issues, there is room for further improvement in many of the sound operating company stocks.

Willkie Says Republicans Can Win In 1944—Urges Liberal Foreign And Domestic Policy

Wendell L. Willkie expressed the belief on Aug. 12 that the Republican Party "should and can win" the next Presidential and Congressional election.

In a statement at his home in Rushville, Ind., Mr. Willkie asserted that the Republicans "must take the affirmative, eschew the negative" by adopting a liberal program for both foreign and domestic policies

The 1940 Presidential nominee disagreed with contentions that the Roosevelt Administration would be returned to power in 1944 if the war has not concluded by that time.

Mr. Willkie said that in order to win the Republicans "must present to the people a constructive, liberal domestic program of expanding economy" and "must have the imagination to present a realistic foreign policy."

Mr. Willkie's statement was read to a group of Republican leaders of the Eighth Indiana Congressional District.

The text of his statement follows, according to the Associated Press:

"It has been suggested much of late that the present Administration will inevitably be returned to power in 1944 if the war has not been concluded by that time. With this opinion, I disagree. As a matter of fact, for the successful conclusion of the war, the necessary rehabilitation of the country after the war is over, and the enlightened conduct of our foreign policy, the Republican party should and can win the next Presidential and Congressional elections.

"But in order to win, we Republicans must present to the people a constructive, liberal domestic program of expanding economy, developed primarily through the forces of private initiative with an equitable distribution of the profits and social benefits among labor, agriculture and industry. We must pledge that the necessary administrative and regulatory processess of Government will be conducted with competence and economy.

"We must have the imagination to present a realistic foreign policy, based on execlusive recognition of the democratic forces in enemy and occupied countries; recognizing the wisdom of America's effective and active cooperation in world councils and treaties with other nations for the preservation of the peace; and for the establishment of stable mediums of international exchange and the elimination of unnecessary trade barriers to the end that there may be an enlargement of commerce among the peoples of the world.

"America must also give encouragement to the advancing forces of liberty throughout the world.

"But in addition to these purposes, we must also see to it that our country after the war is over retains adequate military, aeronautical and naval strength to implement and, if necessary, protect and enforce, its foreign policy.

"It will be through such foreign and domestic policies of enlightened self-interest that we will best secure a prosperous economy at home and peace throughout the world. For these are the necessary prerequisities to creating jobs and opportunities for our returning soldiers and sailors, legitimate prices for the products of our farms, adequate wages and social protection for our industrial workers and legitimate return to enterprise capital.

"Ours must be a program based not upon glittering and indefinite promises, or the division of our people into warring and embittered groups. Our policy must be founded upon unifying our people for the practical functioning of our economy under competent private management, with the encouragement of competently administered government.

"We must put an end to the period when failure in private endeavor has been a passport to government service; when crass political machines have dictated the appointment of foreign Ambassadors and high judicial officers; when our minority groups have been by turn exploited and then protected for political purposes; when extravagance in public expenditures has been accepted as proof of love of common man and evidence of a liberal mind.

"In addition to the adoption of a liberal program the Republican party must completely forsake the tempting notion that it can win by the amalgamation of the dissident groups in America—the narrow nationalists; the economically selfish, who think that government exists merely for their own self-interest; the people who are afraid to fight or are unwilling to sacrifice unnecessary luxuries and who refuse to endure in wartime without complaint the restrictions necessary for the common good. Above all, it must repudiate completely the religious and racial bigots.

"In other words we Republicans must take the affirmative, eschew the negative.

"For America has been led too much in the negative in the last few years. At home we have been disunited and divided, spending our substance in wasteful extravagances. In the world, our failure to assume obligations in part at least caused the frightful toll in life and property of the present war.

"The Republican party must point the way to an affirmative America—America as she can be under enlightened and liberal leadership—at home, united, prosperous and socially advancing—abroad, respected as a practical worker for world peace and economic development and the leader of the gathering forces of enlightenment and independence.

"No party was ever presented with such an exciting challenge as is offered to the Republican party today nor with such an opportunity. All we Republicans need to do to win is to convince the American people of our sincerity and faith in such purposes, and to have the courage to face an opposition entrenched and truculent with power. As one devoted to the Republican party, I ask to join you in this the most stirring cause of our time."

Situations of Interest

Purolator Products, Inc., and Federal Machine and Welder Co. offer attractive possibilities, according to Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Interesting basic reports upon the companies may be had from Reynolds & Co. upon request.

DIVIDEND NOTICES

Fuller Urges Business Find Solution Of Post-War Unemployment

Walter D. Fuller, President of the Curtis Publishing Co., told a recent meeting of the Philadelphia Committee for Economic Development that businessmen must plan and find the solution for post-war unemployment or else the Government will try to do it and lead to regimentation.

Mr. Fuller, a former President of the National Association of Manufacturers and Regional Chairman of the Philadelphia CED area, declared that "surely we are having sufficient experience with the penalties of regimentation at the present time so that none of us wishes to see that condition carried further in post-war years. Yet the only solution to the dangers of such regimentation is for businessmen to do this biggest job of their lives."

Urging that American business find the way within two years after the close of the war to increase gross volume from 25 to 50% over 1940 levels, Mr. Fuller stated that "we must do that, not by taking business from someone else but by creating something new, either a product or a market." He expressed confidence that this can be done "if we will use typical American ingeniousness and plain every day American guts."

Canada Extends Call-Up Of Men For Military

Canadian Labor Minister Humphrey Mitchell announced at Ottawa on Aug. 14 the call to military training of married men aged 27 to 30 and of all men who reach the age of 18 this year. Associated Press accounts from Ottawa Aug. 17, reporting this added:

"Mr. Mitchell said that the Order-in-Council extending the call-up covered all men not heretofore designated or already under arms, and whatever their marital status, who were born in any of the years 1913 to 1916 inclusive. Similarly, the call applies to men born in 1925, save that none of these will be served with 'orders-medical' until he reaches the age of 18 years and six months."

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Arthur P. Ambrose** has joined the investment department of **Hayden, Stone & Co.**, 25 Broad Street.

BOSTON, MASS. — **John M. Nichols** is now cashier for **Arthur Perry & Co.**, 31 Milk Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**John P. Egan** has become associated with **Daniel F. Rice & Company**, 141 West Jackson Boulevard. Mr. Egan was previously with Hemphill, Noyes & Co. and in the past was with E. A. Pierce & Co. for a number of years.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Oliver S. Stanley** has become associated with **Stokes, Woolf & Co., Inc.**, 105 South La Salle Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Jules Bluth** has joined the staff of **Straus Securities Co.**, 135 South La Salle Street.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **George A. Taylor** has become associated with **Goodbody & Co.**, National City Bank Building. Mr. Taylor was previously connected with J. E. Neubauer & Co.

(Special to The Financial Chronicle)

DETROIT, MICH.—**Richard E. Sloan**, formerly with Hornblower & Weeks, is now with **Paine, Webber, Jackson & Curtis**, General Motors Building.

(Special to The Financial Chronicle)

KENSINGTON, N. H.—**Charles W. Sabine, 3rd.** has become connected with **Kidder, Peabody & Co.**, 115 Devonshire Street.

(Special to The Financial Chronicle)

LONG BEACH, CALIF.—**Mason E. Kight** has become associated with **Pacific Company of California**, Security Building. Mr. Kight was previously local manager for H. R. Baker & Co. and Franklin Wulff & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Walter M. Wells** has been added to the staff of **Bateman, Eichler & Co.**, 453 South Spring Street. Mr. Wells was previously with H. R. Baker & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Leo F. Flower** is with **G. Brashears & Company**, 510 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Mrs. Ruth M. Glendon** has joined the staff of **Conrad, Bruce & Co.**, 530 West Sixth Street. Mrs. Glendon was formerly with William A. Lower & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Virginia H. Bailey** has become connected with **Merrill Lynch, Pierce, Fenner & Beane**, 523 West Sixth Street. Miss Bailey was previously with Schwabacher & Co. and Edgerton, Bourne & Co. in San Francisco.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**William M. Cahoone** has become associated with **Wyeth & Co.**, 647 South Spring Street. Mr. Cahoone was formerly with District Bond Company and in the past was with Dean Witter & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Geo. E. Mellon** is now with **Nelson Douglass & Co.**, 510 South Spring Street. Mr. Mellon was formerly with Hill, Richards & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Payson D. Marshall** has joined the staff of the **Pacific Company of California**, 623 South Hope Street.

(Special to The Financial Chronicle)

PASADENA, CALIF. — **LaMar M. Shearer** has rejoined **Quincy Cass Associates**, First Trust Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF—**V. B. Cima, James V. Cirimele,** and **Sydney S. Clark** have joined the staff of **H. R. Baker & Co.**, Russ Building. Mr. Clark was previously with Bankamerica Company.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Charles W. Derryberry** and **Frederick S. Weaver** have become connected with **Bankamerica Company**, 300 Montgomery Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**William F. Osgood** is now affiliated with **Dean Witter & Co.**, 45 Montgomery Street.

(Special to The Financial Chronicle)

SAN MARINO, CALIF.—**Rea L. Eaton** has become associated with **Dean Witter & Co.**, 45 Montgomery Street, San Francisco. Mr. Eaton was formely local manager for J. A. Hogle & Co. and prior thereto was with Davies & Co. and Cook, Miller & Co.

Peace Not Bearish

The excitement incident to Mussolini's downfall has spent itself, and general predictions of impending peace in Europe have become more tempered.

The opinion is widely held that peace will be bearish from the standpoint of security prices. It will be remembered that before the war in 1939, it was believed that the market would collapse in the event of general European hostilities. What both beliefs indicate is that investors and speculators always fear change.

The termination of the war will result in many serious dislocations. It will, however, bring an end to the process of working almost solely for the destruction of life and property of the enemy. It will promote a rapid reduction in government expenditures with a lessening of the tax burden. The end of the war will find this country considerably depleted in consumer goods and many types of capital goods. A vacuum is being created which will take several years of intense production to fill. At the end of the war the country will have a greatly expanded credit structure and large quantities of capital seeking profitable employment. In spite of technical fluctuations largely induced by nerves the underlying trend would seem to be well fortified by actualities.—**E. L. Elliott, Van Alstyne, Noel & Co.**

Interesting Situations

Irving Trust Company of New York and The American Insurance Company of Newark offer attractive situations at current levels according to circulars being distributed by Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif. Copies of these interesting circulars may be had from Butler-Huff & Co. upon request.

Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

We propose this week to discuss briefly a diversity of matters that pertain to the fire and casualty insurance business, and which have significant bearing, in varying degrees, on the fortunes and prospects of the capital stock companies and their stockholders, and should therefore be of interest to dealers in insurance stocks.

Federal Anti-Trust Suit: On Aug. 6, 1943, Federal Judge E. Marvin Underwood dismissed the Government's anti-trust action against the Southeastern Underwriters' Association, twenty-seven of its officers and 198 capital stock fire insurance companies. It will be recollected that, on November 20, 1942, the Federal Grand Jury at Atlanta, in a surprise move, indicted the above parties on two counts: combination in restraint of trade and monopolistic practices conducive to boycott. Among other things, the defendents were charged with violation of the Sherman Anti-Trust Act by "conspiracy to fix and maintain arbitrary and non-competitive rates on fire insurance."

In the dismissal of the suit Judge Underwood declared that the Supreme Court had, for a period of seventy-five years "held unequivocally and unambiguously that the business of insurance is not commerce." The defendents, during the course of the proceedings, had pointed out that insurance always had been regulated by the various State Governments and never by the Federal Government. Whether the Anti-trust Division of the Department of Justice will try some other maneuver or will accept the decision of the Federal Court in Atlanta as final, remains to be seen.

It is of interest to observe that the market did not take the suit very seriously, to judge from the action of Standard and Poor's Weekly Index of fire insurance stocks. On Nov. 18, 1942, two days before the announcement of the surprise indictment, the index was 104.1; by Nov. 25 it had dropped to 103.1, but by the end of the year, Dec. 30, 1942, it had fully recovered and moved up to 105.4. Since then it has steadily risen, reaching 118.7 by Aug. 4, 1943, which was three days before dismissal of the suit, and on Aug. 11, 1943, four days after dismissal, it was 116.8.

Fire Insurance Rates: The trend of fire insurance rates in the United States continues downward, and reached a new low in 1942. As reported by the Underwriter Printer and Publishing Company in "Fire Insurance By States," the average annual premium rate per $100 of risk has declined as follows:

Period—	Average. Prem Rate	Burn'g Ratio	Loss Ratio %
1900-1909	$1.15	.65	56.1
1910-1919	1.07	.53	49.7
1920-1929	.96	.49	50.9
1930	.86	.49	56.8
1931	.81	.48	59.2
1932	.78	.48	61.5
1933	.74	.34	45.6
1934	.72	.31	42.8
1935	.71	.24	33.5
1936	.71	.27	38.5
1937	.69	.25	35.8
1938	.69	.27	38.5
1939	.67	.28	42.3
1940	.67	.28	42.6
1941	.66	.26	39.5
1942	.61	.23	37.4

The reason for the lowering of the rates is found in the declining "burning ratio" and "loss ratio," brought about by improved building construction and better fire prevention and fire fighting. "Burning ratio" is the ratio of total losses paid to the total value of risks written while "loss ratio" is the percentage of total losses paid to total premiums written.

Fire Losses: In connection with fire insurance rates, and the burning and loss ratios, it is pertinent to review the country's annual fire losses over a period of years, as reported by the National Board Of Fire Underwriters.

1925	$373,501,000
1926	393,021,000
1927	320,596,000
1928	301,268,000
1929	422,215,000
1930	*463,613,000
1931	452,017,000
1932	442,143,000
1933	316,897,000

(Continued on page 706)

Real Estate Securities

Advice Of Real Estate Security Specialists Important

Last week an article concerning the sale of a piece of property in the Garment Section of New York was published in the newspapers.

This article should be read by every investor and security firm interested in real estate securities, as we feel it is a sort of "handwriting on the wall, as to the future of real estate properties.

Briefly, the article stated that a syndicate had purchased a large parcel of land comprising the majority of the square block bounded by Broadway, Seventh Avenue, 38th and 39th Streets, New York City. The buyers stated that after the war they intend to improve the property with two structures that will have a rentable area of about 1,000,000 square feet of space. The article further stated (and this is the portion that we believe is so important) that the new building will be completely air-conditioned and will contain a private car parking space in the basement and also that the tenants will have an interior loading platform for their trucks.

One of the sore spots in the Garment Center today is the traffic congestion and the police rules on extended parking, so it can readily be seen what an advantage an interior loading platform would be to attract tenants. And, of course, an air-conditioned building would also be the means of drawing tenants away from other buildings.

The significance of the article, it seems to us, is that in considering the purchase of realty securities, great care must now be taken to consider the obsolescence of the property involved, not only from the standpoint of the expense of repairs which are necessarily higher an an old building, but also the problem of the cost of modernizing the property to avoid the risk of ultra-modern new buildings taking tenants away.

Most important, however, is the fact that cognizance must be taken of the problem that buildings do get older and the past practice of considering depreciation just a "bookkeeping item" must be changed.

A safeguard against this situation would be the selection of securities that have adequate sinking funds to retire the funded debt in proportion with the ageing of the property. Another safeguard would be to choose the more modern buildings. Very often you will find that marketwise securities of the newer buildings can be purchased at approximately the same prices as their older neighbors. As an example, let us compare the Harriman Building at 39 Broadway with the property at 61 Broadway.

61 Broadway was constructed in 1913, 14 years prior to the erection of the Harriman Building, which was completed in 1927.

61 Broadway is a 33-story building built on a plot of 22,180 square feet while the Harriman Building is a 36-story building built on a plot of 17,150 square feet.

61 Broadway has a rentable area of 451,000 square feet, while the Harriman Building has 330,000 square feet.

Both properties have approximately the same percentage of earnings. We are told that 61 Broadway is currently earning about 3.5% on its bond issue and the Harriman Building 3.6%.

Both bond issues are selling at about the same price, approximately 23%.

The bond issue on 61 Broadway is $7,922,000 against $4,595,000 on the Harriman Building.

Both bond issues are currently being reorganized. The plan suggested for 61 Broadway is to give the bondholders, for each $1,000 bond now held, a $500 first mortgage, 6%, income bond with stock representing an equal share in approximately 95% of the ownership of the property, while the plan for Harriman Building already approved, gives the bondholders for each $1,000 bond now held a new $1,000 first mortgage 4½%, income bond (3% cumulative, 1½% non-cumulative) and stock representing an equal share in 100% of the ownership of the property.

After reorganization of both properties, in accordance with the above plans, the outstanding first mortgage bonds on 61 Broadway will be $3,961,000, against $4,595,000 on the Harriman Building. But your cost of the new 61 Broadway bonds will be 46% because of your bond being cut in half, compared to 23% on the Harriman Building where the par of your bond remains the same.

These prices place a value of $1,822,060 on the entire mortgage of 61 Broadway and a value of $1,056,850 on the Harriman Building.

(Continued on page 705)

Tomorrow's Markets Walter Whyte Says——

Market pendulum now in dead center with dullness the result. Entry of new short sellers in past few days points to more strength than weakness.

By WALTER WHYTE

About the only thing that can be said of last week's market action is that each day the market opened at ten and closed at three. It is obvious that the market having completed its pendulum swing is now back in dead center. What buying there is doesn't distinguish itself by either its quality or quantity but neither does the selling. It is also apparent that the market is waiting for something to happen. What this is likely to be is anybody's guess. Mine is international developments as applicable to the post war world.

* * *

I'm not naive enough to think that such plans will be published in their entirety or even in a fragmentary form. But there are indications as to what they will be in so called "dope" stories written by newspaper correspondents who are fairly close to their sources of information.

From what I have seen in the past month or so I don't think market-minded people need worry too much about the business as usual theme. For if plans now in the discussion stage bear any fruit it will be business better than usual. Of course such plans will not make Page One across the country. They are too complicated for not only the average reader to understand but for the average newspaper reporter to write about.

* * *

This does not mean that from now on the market will have a one-way street with green lights all the way. These things are never so simple. But it does mean that the theory of a bear market which was espoused so widely a few weeks ago will not pay off so well. Naturally incidents can occur; in a war where political upheavals are the rule, such incidents are the accepted thing. What form these incidents will take is unknown to the great majority of people, in and out of the market. Yet anybody with half an eye can see that the maneuverings of our State Department tend to have the incidents fall in favor of the intensification of the status quo.

* * *

When I wrote last week's column the market had just completed a major reaction. The consensus of opinion was that the reaction would go further before any worthwhile recovery would be seen. From the action of the majority of stocks it did look as if lower prices would be seen in the immediate future. Yet there were certain small signs which pointed if not to higher prices then to a cessation of the decline.

* * *

Being well aware of the majority opinion on the future of the market plus the then current action, I felt that any further setback instead of being a signal for more decline would be a place to buy certain stocks. With that in mind I recommended a list of stocks which in my opinion acted better than the market and indicated that their reactions were over. But I didn't reckon on the increase in short selling. True, this selling did not come in on the decline, for under SEC rules, short selling can only be accomplished in advancing markets. But on the small advance from last week's lows, the odd lotters who seldom if ever go short began nibbling on the short side.

* * *

It seems paradoxical to say that because sellers came in the market went up. But the market is a mass of contradictions and stocks which normally would be expected to go down with short selling don't do that at all. On the contrary any specialist will tell you that stocks tend to move in the direction of heavy offerings and not away from them. Your old time market operator was well aware of this characteristic. When he was interested in getting a stock to move up he first put out short lines. I realize that market operators under SEC are a thing of the past, well, almost a thing of the past; I'm not so simple to believe that all market operations have disappeared. Let us say instead that they have been limited.

* * *

In any case with a new short interest now in the market, a short interest which knows as much about market technique as I know about military strategy, I think you can expect one of two things to occur. The market will either rally about 2 to 5 points or will just fall asleep. There is a small possibility that a minor reaction may take place before the former takes effect. But on such a reaction stocks are a buy, not a sale.

* * *

Last week I recommended a number of stocks. So far only Borg-Warner, to be bought at 32 or better with a stop at 31, came into the list. During the week Borg-Warner sold off to 31¾. It is now about 34. The stop at 31, remains the same. The rest of the stocks managed to get within fractions of the buy areas but none got into them. I suggest you keep your buy orders though raising them about a point or so wouldn't be a bad idea.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Ill.-Wis. Savings And Loan Associations Up War Bond Sales

With 16 more savings, building and loan associations on the current national honor roll for war bond sales than it had this time last year, the Illinois-Wisconsin district of those institutions is preparing to intensify efforts to sell war bonds in the Third War Loan drive beyond any previous achievement. This is reported by the Federal Home Loan Bank of Chicago which serves that District.

A. R. Gardner, President of the Bank, says that the 96 associations in those two states cited in the July Federal Loan Bank Review published in Washington have sold in 1943 war bonds equal to 5% or more of their own assets.

Municipal News & Notes

Frank M. Davis, Comptroller of the City of Buffalo, N. Y., states in his current "News Letter" that there are no developments concerning the much-talked-about plan of blanket refunding by the city and then passes the following query:

"If you were Comptroller of the City of Buffalo and could issue $3,000,000 of Refunding Bonds now or wait until next Spring when the money will be required, what would you do? This is the question now before our City. It would be valuable to have the opinion of a dozen or so of the experienced readers of Buffalo News Letter and the question is put in all seriousness."

Ohio Bond Prices Resume Upward Trend

The Ohio municipal market during the past week again resumed in a very slight degree, its rising tendency experienced for several months until some three weeks ago, J. A. White & Co., Cincinnati, reported Aug. 18.

The firm's index of prices for 20 Ohio bonds moved slightly higher, and during the week the yield on these 20 bonds declined from 1.45% to 1.44%. The index of 10 high grade bonds declined from 1.26% to 1.25%, and the index of 10 lower grade bonds from 1.64% to 1.63%.

Although during the past few weeks several accounts throughout the country have announced their intention to sell a material amount of municipal bonds in anticipation of subscribing to U. S. Government bonds in the Third War Loan Drive next month, it is quite interesting to note, the bond house reports, that in all of these municipals that have been announced for sale so far, there have been practically no Ohio bonds. In fact, the scarcity of new names in the Ohio market is as acute now as it has been for some time. Under such circumstances, business in such names has naturally been limited during the past week.

Local Government Seen Threatened By Federal Land Acquisitions

The fight for survival of local self-government as the foundation of our American liberties is tough enough in the industrial sections of the country, where municipal and county governments learned in the depression years to depend too much on Washington for the solution of their problems. But the weakening of the local government structure has assumed alarming proportions in the northwestern states as a result of federal purchase of large areas of land for conservation, military and recreational purposes.

Congressman Homer D. Angell of Oregon reports that the Federal Government now owns 70.9% of the land in Idaho, 61.5% of the land in Montana, 59% of the land in Oregon and 45.9% of the land in Washington. In some counties of Oregon, he says the amount of land privately owned has been cut to 17%.

What this means, of course, is that millions of acres of real estate, much of it formerly lucrative, have been removed from the local tax duplicates, leaving the county governments without the incomes needed to keep them operating successfully. In such a situation, they turn more and more to the Federal Government for financial assistance and this in turn impairs their ability to make their own decisions in many fields of public policy.

It is true, of course, that many of the projects involved in the Federal land purchases, such as power, irrigation and reclamation, create new forms of wealth for the near-by communities, so that the loss of revenue is not quite as great as the land ownership percentages appear to make them.

However, as Congressman Angell says, it may be that the Federal Government will have to adopt a policy of becoming a taxpayer in those areas where it has taken over vast areas of land in order to keep local government solvent. Such taxes, of course, would have to be paid with no such strings as are generally attached to Federal grants to state and local agencies.

Several bills to that end are now pending in Congress. They ought not to be considered from a sectional viewpoint, for the survival of local government is a national problem. The loss of freedom in any section would eventually mean its destruction in all sections.

Foregoing appeared in editorial columns in a recent issue of the Cleveland, Ohio "Plain Dealer."

Chicago School Bond Issue Held Invalid

The Chicago Board of Education's legal department has announced that it will take an appeal from the ruling by County Judge Edmund K. Jarecki holding illegal a bond issue floated in 1935. The Board of Education made it clear that it regards the issue as "legal and valid," and that it is determined to pay semi-annual interest payments due Aug. 1 and Sept. 1, respectively according to report.

On Aug. 1, $21,375 in interest became due and payable on the Board of Education's refunding bonds, second series. On Sept. 1, interest amounting to $130,625 became due and payable on the refunding bonds, first series, the board's legal department pointed out.

According to Judge Jarecki, the bond issue's proceeds were used to pay off tax anticipation warrants of 1928 and 1929, and these warrants could be redeemed only from the proceeds of taxes in those years. The ruling affected $500,000 of bonds in a total of $5,500,000 of 4¾s due in 1955 and $900,000 due in 1954 it was said.

Myth Of An Early Peace

(Continued from page 687)

deadliest of planes. The object, apparently, is to achieve a maximum of result with a minimum of effort and casualties. Our field generals are NOT squandering human lives.

* * *

Italy, to our way of thinking, is definitely doomed. The greater part of that peninsular can no more be defended — whether by Germans or by Italians—than the peninsular of Malaya could be defended. But, when the valley of the Po is reached, we may have a different story. We may have a "second front" comparable with the western battle line of the First World War.

* * *

Consider the months of preparation that must precede such an undertaking. A single modern division, they tell us, consumes from 600 to 800 tons of supplies and ammunition a day. Multiply that a hundred fold for day-to-day consumption by an adequately sized army in northern Italy, and by 10,000-fold to assure a moderate three-month accumulation — a not too impressive stock pile that certainly must never fall below that minimum level. When you have done that, add the tremendous requirements of a vast air force (a small squadron of which can use upwards of 10,000 gallons of gasoline in a single flight), the problems of continuous shifting of supplies as battle lines change, and, finally, the necessity of feeding from thirty to forty million civilians in conquered territories. All of these things sum up to a herculean task that cannot possibly be solved in six months, perhaps not in two years.

* * *

It is unwise reasoning to maintain that, on the one hand, a series of signal Russian victories will result in cataclysmic German defeat, or that Germany will collapse of internal exhaustion. It is true that important Russian successes can and will hasten the day of Allied victory, but it is debatable if the Russia of today is in the position to exploit her victories to the utmost. Her logistics problems are as complex as ours. Nor can we be supremely confident that Germany will surrender at the first sign of defeat. What form is such an omen to take? **Excluding Italy,** Germany today holds perhaps 1,500,000 square miles of conquered or satellite territory, much of it highly industrialized, peopled by over 200,000,000 persons—this in addition to her homeland. She holds the tremendous natural resources of those lands. We will not trouble you with tiresome statistics but we do recommend a moment's reference to The Statesman's Year Book **for an illuminating catalogue of these resources.** Beyond that, history has proved time and time again that a nation can survive long beyond the theoretical breaking point. Moreover, and let us not put this casually aside, there is a sinister day of reckoning for German war criminals at the hands of long tortured peoples. Surely such persons, knowing they can find no refuge anywhere on earth, are not to be swerved from their purpose by the rumbling of cannon almost a thousand miles away.

* * *

It is folly to indulge in wishful thinking. Yes, we confidently believe the Russians will drive to the gates of Kiev this winter; we believe that Allied guns will boom in the Po valley; we believe that the successful invasion of Norway is a strong probability, and we look for a diversion in the Balkans. These will be steps in the right direction, but we still think the road wil be long and rough. Any other reasoning seems dangerous. Already a widespread and growing conviction that hostilities are nearing their end has caused a serious slowing up in war production. Anything further along those lines could jeopardize the gains we have already won. WE HAVE JUST BEGUN TO FIGHT! We have a desperate task ahead of us in Europe, and when that is ended we must turn our attention to the Far East. The Navy tells us it will take six years to do THAT job. Let's try to do it in three!—**Louis James Burns, J. F. Reilly & Co.**

Real Estate Securities

(Continued from page 704)

While we are convinced that both issues are intrinsically worth more than the current market would indicate, it would seem that the more modern Harriman Building appears the more desirable. This article is not intended as a suggestion of a switch out of one security into the other, but merely as an example of the importance of thorough investigation of all phases of the properties securing real estate securities. Such investigations can readily be made, providing firms who specialize in real estate securities are contacted. These specialists maintain files containing pertinent facts of this type of security not generally available to most dealers.

Investment Trusts

Sales Literature And Related Items

The dog days are causing hardly a ripple in the output of investment company sales literature. Not only has there been no appreciable let-down in volume, but appearance and content are tops for visual appeal and forcefulness.

Most unusual piece to come in this week is a handsome four-page folder, "To Help You Estimate Your 1943 Income Taxes," published by Distributors Group, Inc. Designed to carry the dealer's imprint, the folder makes no mention of the sponsor or his wares. It is strictly a goodwill builder and as such should prove highly effective.

In the first place, it succeeds in reducing the most complicated tax law in history to four understandable pages, worksheet included. A similar attempt by Prentice-Hall resulted in a 48-page booklet. Secondly, it places a valuable service-rendering business-getting tool in the dealer's hand without obligating him to sell any specific securities. (We can almost hear some of the early trust sponsors turning over in their graves at this.)

Incidently, initial distribution of the folder was limited to active dealers in Group Securities, Inc., although copies are available simply by writing the sponsor, Distributors Group, Inc., 63 Wall St., New York.

* * *

Some of the finest looking sales literature we've seen has been coming from the Lord, Abbett organization recently. One piece, "A Memorandum to a Busy Man," is an ingenious brochure which folds into a handy pocket-size shape. It is aimed at the busy executive or professional man and has the personal touch of an informal memorandum. A place for the dealer's imprint is provided.

Equally attractive are the new fold-out pieces presenting Union Bond Fund "C"—Union Common Stock Fund "A"—and Union Common Stock Fund "B." Each folder lists the portfolio of the respective Fund and emphasizes the reasons "Why investing through Union Trusteed Funds, Inc. is increasingly popular."

A more elaborate folder on Union Bond Fund "C" carries the intriguing title, "Buying Bonds @ 60c on the $1." Also listing the portfolio it stresses by text and illustration "four tested rules for better results." They are (1) Diversification, (2) Concentration, (3) Value-Selection and (4) Weighting by Worth. Further presentation of UBC is made by use of the question-and-answer method.

* * *

Not to be outdone in the matter of attractive presentation, Hugh W. Long & Co. has published a new folder on the Automobile Series of New York Stocks that is positively guaranteed to make your mouth water. The "car of the future" pictured on the front cover embodies the promise of an overwhelming demand for the peace-time products of this industry. (The only improvement we could think of for this job

would be a Vargas girl at the wheel.)

* * *

For a little sales folder with a lot of punch, we recommend the A. W. Smith & Co. piece, "To Those Who Are Concerned." One might define it as an illustrated discussion leading to a conclusion. Here are samples of the plain talk it contains. ". . . After all, higher prices for goods and services are part of the normal course of events as the world moves on. . . . Fifty years ago common labor was paid $1.00 a day for 10 hours of hard work. . . . The dollar prices of most goods and services have advanced in about this same proportion in the past half-century. . . ."

". . . To say that progress and depreciated purchasing power of money may go hand-in-hand is not to condone uncontrolled price advances. . . . The one way to provide for increased cost of living is to build up capital, which is the basis for income. . . . It makes no practical difference to us whether the yard-stick by which the post-war dollar will be measured is to be gold, silver, a commodity formula, international horse-trading, or a plain, old-fashioned three-foot rule. One plain, simple fact remains—it is going to take more dollars of income to support a given standard of living."

* * *

The two latest industry studies to be published in the series, "Post-War Backlogs and Busi-

(Continued on page 706)

Taxes Impede Accumulation Of Reserves Against Post-War Needs Executives Report

Th present Federal tax system by impeding the accumulation of reserves from earnings threatens the ability of many corporations to survive post-war readjustments, according to a substantial number of representative business executives consulted by the National Industrial Conference Board in the course of a comprehensive study of the effect of taxes upon business policy as regards expansion of production.

Upon the ability of corporations to survive post-war readjustments depends their capacity to provide their share of employment in the period following the war, the Board points out in making public the results of its study based upon the actual experience of industrial managers.

Most corporations depend, as a matter of long established policy, the Board adds, upon undistributed profits for funds with which to expand facilities and set up contingency reserves.

If private business is not allowed to build reserves during the war period with which to meet reconversion expenses "many small businesses will fail and many larger businesses will find it exceedingly difficult to hold their labor organizations together during the critical period succeeding the cessation of hostilities," the Board quotes one executive as saying.

"The security of the corporation as an economic unit," the Board finds, appears frequently to be a motive of management more compelling than profits for distribution to stockholders. Fear of a post-war depression and preparation for it, appear to dominate the policies and attitudes of business management. Accordingly, profits are sought mainly as means to security. One respondent, for example, states that 'Present taxes take so much of income that we will have to be very careful if we are to have enough to get through the next slump.' And another says: 'Our job from here out is to get in the strongest possible financial shape. It will be a struggle with present and possible future taxes. No more expansion with our money.'

"A specific example of post-war dangers is that of liquidating inventories-in-process and accounts receivable at the termination of hostilities. Borrowing to provide additional working capital is a normal procedure for many corporations when liquidation of inventories and accounts receivable is expected to provide the funds with which to repay loans. The present danger arises from the strong possibility that post-war liquidation of labor-and-materials-in-process and accounts receivable cannot be consummated without grave losses.

"Since taxes are not due until about a year after the profits upon which they are levied were earned, reserves are set up by corporations to meet the payments when they become due. Many corporations are making current use of the funds represented by these reserves and are depending upon future earnings or liquidation of assets for cash with which to pay taxes. Some corporations feel that this is such a hazardous practice that they refuse to do it; rather, they restrict current operations if necessary, to permit the setting aside of cash to meet these payments.

"Those who feel forced to use their tax reserves currently because of the urgency of war production are quite apprehensive as to the dangerous post-war situation they are creating for themselves."

Ins. Stock Looks Good

The current situation in Home Insurance Company offers attractive possibilities according to an interesting memorandum and analysis prepared by Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City. Copies of this memorandum may be had upon request from Huff, Geyer & Hecht, Inc.

Investment Trusts

(Continued from Page 705)

ness," currently appearing in the **Investment Timing** service of National Securities & Research Corp., are on Agricultural Machinery and Household Appliances. These are comprehensive studies and both lead to favorable conclusions regarding the post-war outlook for securities of representative companies in these two groups.

A new folder outlining the functions of the trustee under the trust agreements covering National Securities Series and First Mutual Trust Fund lists 23 different responsibilities of the trustee in safeguarding the property of the trust fund. National Securities & Research Corp. has also issued an attractive little leaflet on its Low-Priced Bonds Series. Income is estimated at approximately 6.8% of the current offering price.

* * *

The Keystone Corp. has revised and re-issued its popular little booklet, "The Keystone Plan," which contains a brief history and current data on the 10 Keystone Custodian Funds. Latest figure in the booklet shows combined asset values of the 10 funds at $61,291,000. A more recent report as of August 1, just a month later, shows asset values in excess of $63,000,000. But that's the way it's been with Keystone — they really should adopt the method of the new tax law and estimate what they'll have at the end of the year. At least, it would help keep their literature up-to-date.

* * *

It's purely academic — like which came first, the chicken or the egg—but the fact remains that Keystone and National Securities have almost identical sales literature on "A Check Each Month (or Every Month) Throughout (or Of) The Year." Looks like a natural for smart salesmen—use both funds and have "Two Checks Each Month Throughout The Year!" (Or does that sound too much like the New Deal?)

* * *

Some time back in April (as we remember) Distributors Group came out flat-footedly for the Steel Shares as its latest choice of an undervalued stock group. Since then may voices have chimed in. Latest is a 16-page study by Standard & Poor's covering the industry in general and U. S. Steel in particular. Copies of this survey have been mailed by D. G. to affiliated dealers.

* * *

"Let's Look At The Record" says Hare's, Ltd. in a new folder on fire insurance stocks. And an excellent record it is, indeed. In four examples comparing insurance stocks with industrial stocks and also with high grade bonds during various significant periods from 1917 up to the present, the performance of the insurance stocks was superior in every case. Expressed in percentage figures, the superiority ranged from 14.8% to 172.6%.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced that the proposed transfer of the Exchange membership of William H. Frank to Harry Frank, Jr., will be considered on August 26th. Both are partners in Smith, Frank & Co., New York City.

Bank & Insurance Stocks

(Continued from Page 703)

1934	275,652,000
1935	†259,160,000
1936	293,357,000
1937	284,720,000
1938	302,050,000
1939	313,499,000
1940	306,470,000
1941	322,357,000
1942	314,849,000

*Highest. †Lowest.

Fire losses in 1943 so far are running approximately 12% above last year. The "burning ratio," however, still remains favorably low.

Federal Taxes: Corporation taxes are not affected by the 1943 "Pay-As-You-Go" Tax Bill, and remain as prescribed in the 1942 Federal Tax Law. The normal corporation tax is 24%, and the surtax 16%, so the combined normal and surtax for most companies is 40%. The excess profits tax is 90% with a post-war refund of 10%. However, the law places a ceiling of 80% on earnings, for the combined normal, surtax and excess profits tax.

Most insurance companies are well capitalized, and their invested capital base for excess profits tax purposes includes also 50% of the mean of unearned premium reserves as borrowed invested capital. The tax base period of 1936-1939 was profitable on a statutory underwriting basis for the great majority of fire and casualty writing companies. The companies have large investment portfolios, income from which constitutes on average approximately 70% of total net operating profits, in the case of most fire insurance companies. Many Government and municipal bonds held in these portfolios are tax exempt, and 85% of the income representing dividends on stocks is tax free. Other points of significance are: capital gains or losses are treated as in the case of other corporations; an affiliated group of companies may elect to file on a consolidated basis; a net operating loss may be carried back to the two preceding taxable years, which is of benefit to those companies that sustained heavy marine losses last year. While tax rates in the 1942 bill are high, the insurance business is not hit by it as hard as are most other industries.

New Business: One of the most intriguing of questions is: How much aviation insurance will be written in the post-war years? Nobody knows. Best's "Insurance News" recently published a tabulation showing the growth of such business from 1937 to 1941, and from which the following figures have been taken:

NET PREMIUMS WRITTEN

	Scheduled Airlines	All Other Types	Combined
Hull Risks			
1937	$506,625	$972,246	$1,478,871
1941	1,413,523	4,027,469	5,440,992
Liability Risks			
1937	840,959	327,180	1,168,139
1941	752,565	622,692	1,375,257

Certainly these figures are very modest, and the increase over the five year period is moderate. In view, however, of the tremendous expansion in commercial and civil aviation that inevitably must come after the cessation of hostilities, we feel that aviation holds in store great possibilities of new business for alertly managed stock fire and casualty insurance companies.

Every Possible Investor Must Be Reached In Third War Loan Drive, Says Sproul

Details of the Treasury's war loan drive for $15,000,000,000 which is to be brought under way on Sept. 9 were announced at Washington by Secretary Morgenthau on Aug. 15, and Allan Sproul, President of the Federal Reserve Bank of New York has directed attention to the fact that to achieve the goal and purpose of the drive, "every possible investor must be reached."

In his advices Aug. 16 to directors and executive officers of all banking institutions in the New York Reserve District, Mr. Sproul points out that Secretary Morgenthau "has announced a goal of $15,000,000,000 to be raised through the sale of Government securities to individuals, corporations, insurance companies, savings banks and other investors (excepting banks receiving demand deposits) in the Third War Loan Drive." Mr. Sproul notes the goal is $7,000,000,000 more than the goal for non-bank investors in the Second War Loan Drive last April and $2,500,000,000 more than was actually subscribed by non-bank investors in that drive. Mr. Sproul also states:

"The banking institutions in this district contributed in large measure to the success of previous War Loan Drives. Their aid will be of equal or greater importance to the success of the forthcoming drive. Bankers know their customers and have their confidence They have first-hand knowledge of individuals who are in a position to purchase securities. They are familiar with businesses which are accumulating idle funds. By reason of their influence in and intimate knowledge of community affairs, they are in a position to give effective support to the State War Finance Committees which are in charge of the drive. I know that the leaders of the drive in the States of this district will receive the full cooperation and assistance of the banks.

"This is a matter of direct interest to the banking business, as well as of public interest. The successful waging of the war requires the effective mobilization of unprecedentedly large financial resources. During the present fiscal year, which began July 1, 1943, the United States Treasury must provide at least $100,000,000,000 for the prosecution of the war, plus an additional $6,000,000,000 to cover interest on the public debt and other expenses of the Government. Only about $38,000,000,000 is presently expected from taxes. In the absence of additional tax revenue, the remainder —$68,000,000,000 — must be borrowed and $64,000,000,000 must be borrowed publicly. The methods used to borrow this huge sum are of the utmost importance. They will affect the volume of spending power available for the purchase of consumer goods, supplies of which are diminishing. They will have an important bearing upon the effectiveness of price and rationing controls and hence upon the cost of living. They well may affect the morale of the people and so affect the conduct of the war.

"The first essential is to borrow as much as possible from current income and as little as possible through the expansion of bank credit. In recognition of this first essential, and in order to bring home to the people of the country their responsibilities for war financing methods which will aid in the maintenance of orderly conditions on the home front, the Third War Loan will be devoted exclusively to the raising of funds from non-banking sources. You can help greatly to assure the success of the drive by urging your customers to subscribe to the full extent of their ability, and by assisting them in the selection of securities most appropriate to their individual situations."

Secretary Morgenthau in indicating on July 21 that the drive "will represent the largest financing program in the history of the world" stated that the job of raising the $15,000,000,000 will be handled by the War Finance Committees of each State. It was also announced at that time that the securities to be sold under the direction of the War Finance Committees will consist of:

1. Series E Savings Bonds.
2. Series F and G Savings Bonds.
3. Series C Savings Notes.
4. 2½% Bonds of 1964-69.
5. 2% Bonds of 1951-53.
6. ⅞% Certificates of Indebtedness.

The entire $15,000,000,000 will be sold to individual investors, corporations, insurance companies and other non-banking sources.

In his announcement of Aug. 15, Secretary Morgenthau stated that holders of the 3¼% Treasury bonds of 1943-45, which have been called for redemption October 15, will be given an opportunity to exchange their called bonds for other securities shortly after the close of the $15,000,000,000 Third War Loan Drive.

Mr. Morgenthau made this known in detailing terms and conditions of the 2½% and 2% bonds, and the ⅞% certificates of indebtedness which will be sold during the drive. As to the further details we quote the following from Associated Press accounts from Washington Aug. 15 as given in the Washington "Post":

"Holders of the 3¼% bonds, other than the commercial banks, will be given the option of exchanging for either the 2% or 2½% bonds. Commercial banks will be permitted to exchange their holdings for the new 2% bonds. In all cases exchanges will be made par for par with interest adjustments to Oct. 15.

"The 2½% and 2% bonds, and the certificates of indebtedness, as well as series F and G U. S. War Bonds and series C Treasury Notes, will be available during the third drive for subscription by individuals, insurance companies, savings banks, savings and loan associations, and all other classes of subscribers except commercial banks.

"Mr. Morgenthau earlier had announced that the loan would be sold entirely to nonbanking investors. In keeping with this objective, the circulars governing the 2% bonds and the certificates of indebtedness contain a request to commercial banks not to purchase and that subscribers not trade in these securities until 10 days after the close of the drive, or until after the books are closed on an offering of the same or similar securities for the exclusive subscription of commercial banks.

"The 2½% bonds may not be held by commercial banks before Sept. 15, 1953.

"Life insurance companies may subscribe during the drive to the 2½% and 2% bonds and defer payments until Nov. 1. Other subscriptions will be on a cash basis.

"The 2½% and 2% bonds and the certificates of indebtedness will be dated Sept. 15, 1943. The 2½% bonds will mature Dec. 15, 1969, but are callable Dec. 15, 1964; the 2% bonds will mature Sept. 15, 1953, but are callable Sept. 15, 1951; the certificates, known as series E of 1944, will mature Sept. 1, 1944."

An earlier reference to the War Loan Drive appeared in our issue of July 29, page 430.

Eugene Osborn With Straus Securities Co.

(Special to The Financial Chronicle)

PEORIA, ILL.—Eugene Osborn has become affiliated with Straus Securities Co., 135 South La Salle St., Chicago, Ill. Mr. Osborn was formerly Treasurer of Hildebrand-Osborn & Co. and in the past was head of the Eugene Osborn Co. in Peoria.

Calendar of New Security Flotations

OFFERINGS

DWIGHT MANUFACTURING CO.

Dwight Manufacturing Co. has filed a registration statement for 83,514 shares of capital stock, par value $12.50 per share. All of the shares registered are now issued and outstanding.

Address—89 Franklin Street, Boston.

Business—Manufactures cotton goods.

Underwriting—Hemphill, Noyes & Co. heads the group of underwriters. Other names will be supplied by amendment.

Offering—Offering price to public will be supplied by amendment.

Proceeds—Of the shares registered 73,514 are to be sold to the underwriters by J. P. Morgan & Co., Inc., Henry Sturgis Morgan and Junius Spencer Morgan, as executors under the will of John Pierpont Morgan, while 10,000 are to be sold individually by Henry Sturgis Morgan to Hemphill, Noyes & Co., one of the underwriters. Proceeds will go to the selling stockholders.

Registration Statement No. 2-5187. Form S-2. (7-27-43).

Offered Aug. 17 at $16.75 per share by Hemphill, Noyes & Co. and associates.

FANSTEEL METALLURGICAL CORP.

Fansteel Metallurgical Corp. has filed a registration statement for 53,566 shares of common stock, without par value.

Address—North Chicago, Ill.

Business—Business of the company and its subsidiaries consists of the development and refinement of rare metals and the production and fabrication of rare metal compounds, alloys and commercial products.

Underwriting — Hallgarten & Co. is named principal underwriter. Others will be supplied by amendment.

Offering—Price to the public will be supplied by amendment.

Proceeds—Net proceeds from sale of common stock will be added to the working capital of the company and will be used for general corporate purposes. Five dollars per share of the net proceeds will be allocated to capital and the balance will be allocated to capital surplus.

Registration Statement No. 2-5179. Form S-1. (7-10-43).

Offered Aug. 18, 1943 at $19 per share by Hallgarten & Co., Blyth & Co., Inc., Central Republic Co. (Inc.), Paul H. Davis & Co. and Paine, Webber, Jackson & Curtis.

WALTER E. HELLER & CO.

Walter E. Heller & Co. has filed a registration statement for $3,000,000 serial notes, due serially $600,000 on Aug. 1 in each year from 1949 to 1953 inclusive. Interest rates on maturities are given as follows: 1949, 2½%; 1950, 2⅝%; 1951, 2¾%; 1952, 2⅞%, and 1953, 3%.

Address—105 West Adams Street, Chicago.

Business—Engaged principally in financing the sales and other current operations of manufacturers, distributors, dealers, merchants and others, by purchasing or making advances on their accounts, notes, acceptances or other documents, also in making direct loans or advances against inventory, machinery, equipment, real estate or other assets, and in otherwise lending funds and giving financial aid to business concerns.

Underwriting — Underwriters with amounts to be purchased are given as follows: Harris, Hall & Co., Inc., Chicago, $1,500,000; First Boston Corp., N. Y., $1,000,000, and Goldman, Sachs & Co., N. Y., $500,000.

Offering—Price to public to be supplied by amendment.

Proceeds—To be applied in part to retire $2,400,000 term loans from banks and balance to be used for general working funds.

Registration Statement No. 2-5184. Form A-2. (7-22-43).

Registration statement effective 5:30 p.m. EWT on Aug. 11, 1943.

Offered Aug. 13, 1943 by Harris, Hall & Co. (Inc.), The First Boston Corp. and Goldman, Sachs & Co. Price: 99½ and int. to 100 and int. according to maturity.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

THURSDAY, AUG. 19

NETHERLANDS HOTEL

Helen Harrington has filed a registration statement for $564,000 10-year first mortgage income bonds of the Netherlands Hotel.

Address—Netherlands Hotel property is located at 3831-39 Main Street, Kansas City, Mo.

Business—Hotel and apartments.

Offering—First mortgage bonds were originally issued on Nov. 1, 1927, by McCanles Building Company in the amount of $600,000. $36,000 of the aggregate principal amount has been paid, leaving $564,000 face amount of bonds unpaid and in default. It is proposed that the new bonds aggregating $564,000 face amount will be exchanged for the present bonds now outstanding together with interest coupons attached or appertaining to the same. In effecting the exchange each bondholder will make the exchange on the same basis as every other bondholder. None will be sold for cash or other property and exchange will be made only with bondholders.

Underwriting—There are no underwriters of any of the bonds.

Purpose—To effect exchange of bonds.

Registration Statement No. 2-5191. Form S-1. (7-31-43).

TRANS-OCEANIC AIR LINES, INC.

Trans-Oceanic Air Lines, Inc., has registered 300,000 shares of Class "A" voting stock without par value.

Address—Du Pont Building, Wilmington, Del.

Business—Organized under laws of State of Delaware on Feb. 9, 1943, under leadership of Captain Thomas G. Smith, by a group of Air Force Ferry Command pilots, now engaged in trans-Atlantic operations of a strictly military nature. The contemplated activities of the corporation are essentially of a peacetime nature, and will include the transportation by air or partly by land and water and partly by air of passengers, mails and freight and express of every kind through maintenance of commercial air lines and services in all parts of the world.

Underwriting—No underwriters.

Offering—To accomplish that objective subscriptions to the stock initially offered will be limited to the active operating personnel of the corporation consisting of flight crews, officials and department heads of the corporation. Initial offering will be limited to 250,000 shares, at a price of $1 if paid in United States currency and $1.10 a share if paid in Canadian currency.

Proceeds — For organization expenses, working capital and investments.

Registration Statement No. 2-5192. Form S-2. (7-31-43).

SATURDAY, AUG. 21

FIDUCIARY COUNSEL, S. A., INC.

Fiduciary Counsel, S. A., Inc., has registered 20,000 shares of 4% non-cumulative preferred stock, par $100 per share; 20,000 shares of no par Class A common and 20,000 shares of no par Class B common.

Address — 1025 Connecticut Avenue, Washington, D. C.

Business — Was incorporated on June 26, 1943, under the laws of the State of Delaware. It is proposed to engage in one or more of following activities: Assist North American enterprises to expand their activities in South American countries; act as advisors to North American and South American companies in helping solve their Central and South American financial, engineering, production and marketing problems; handle for North and South American manufacturers the distribution of their goods in South America; manufacture and sell products in South America and Central America as agent of North American manufacturers of such products; invest in real estate, commodities and business enterprises in North, Central and South America or perhaps elsewhere.

Underwriting—The offering will not be made through underwriters or dealers but will be made directly by the company.

Offering—The preferred stock is to be sold at its par value of $100 per share and the shares of Class A and Class B common are to be sold at $1 per share respectively. Shares of Class A and B can only be purchased as part of and together with the purchase of an equal number of shares of preferred stock.

Proceeds—For working capital.

Registration Statement No. 2-5193. Form S-1. (8-2-43).

SUNDAY, AUG. 22

DOYLE MACHINE & TOOL CORP.

Doyle Machine & Tool Corp. has registered 36,000 shares of common stock, $1 par value.

Address — 320-6 West Taylor Street, Syracuse, N. Y.

Business—Engaged in the manufacture of machinery, tools and parts.

Underwriting—None stated.

Offering—In connection with public offering of 113,004 shares of common stock in October, 1940, common stock purchase warrants for an aggregate of 36,000 shares of such common stock were delivered to the underwriters of the 113,004 shares in proportion to their subscriptions. Each warrant gives the holder the right to purchase the number of shares named therein at $4 per share. The warrants are exercisable on or before Aug. 31, 1943. In anticipation of the presentation of warrants for exercise company is registering 36,000 shares of common reserved for issue upon such exercise.

Proceeds—Will be added to the present cash balances of the company and used for general corporate purposes.

Registration Statement No. 2-5194. Form S-2. (8-3-43).

TUESDAY, AUG. 24

PENNSYLVANIA ELECTRIC CO.

Pennsylvania Electric Co. has filed a registration statement for $4,000,000 first mortgage bonds series due Sept. 1, 1973 and 35,000 shares cumulative preferred stock Series B $100 par value. Interest rate on the bonds and dividend rate on the preferred stock will be supplied by amendment.

Address—222 Levergood Street, Johnstown, Pa.

Business—Principal business is the production, transmission, distribution and sale of electricity.

Underwriters—To be supplied by amendment.

Offering—As soon as practicable after registration statement becomes effective company will ask for bids under competitive rule of the Securities and Exchange Commission for the sale of the bonds and preferred stock. Prior to the issuance of the securities registered company will acquire common stock, assets and franchises of Erie County Electric Co. Company also proposes to acquire assets and franchises of Keystone Public Service Co. and Bradford Electric Co., affiliated companies. Applications for all such acquisitions are now pending before the Commission.

Proceeds—Net proceeds from the sale of bonds and stock will be applied to the extent necessary to redeem indebtedness and preferred stock of the merged companies as follows: To redemption on Oct. 1, 1943, of all of the outstanding first mortgage gold bonds, 5% series due 1978, of Keystone Public Service Co., including estimated interest, $4,175,000, and to the redemption on or about Sept. 1, 1943, of all of the then outstanding 5% non-voting preferred stock, $100 par, of Erie County Electric Co. $3,500,000, total $7,675,000. Balance of proceeds, if any, will be added to general funds of the company.

Registration Statement No. 2-5195. Form S-1. (8-5-43).

WEDNESDAY, AUG. 25

COLORADO MILLING & ELEVATOR CO.

Colorado Milling & Elevator Co. has filed a registration statement for 70,000 shares of cumulative convertible preferred stock, without par value, and common stock, par $1, the latter representing shares reserved for issuance upon conversion of the cumulative convertible preferred stock. The dividend rate on preferred stock will be filed by amendment.

Address — Equitable Building, Denver, Col.

Business—Engaged directly and through subsidiaries in the business of manufacturing and selling flour, meal, feed and related products and of buying and selling wheat, other grains, beans, coal and miscellaneous merchandise. Also engaged in business of storing, grinding, sacking and cleaning beans, grains and other commodities for farmers and others.

Underwriting — Principal underwriters are Union Securities Co., N. Y.; Boettcher & Co., Denver; Bosworth, Chanute, Loughridge & Co., Denver; Paul H. Davis & Co., Chicago, and Hornblower & Weeks, N. Y.

Offering—Offering price to the public will be supplied by amendment.

Proceeds—Proceeds from the sale of the stock, together with the net proceeds to be received from the sale of $3,000,000 of 15-year 4% sinking fund debentures, proposed to be sold privately, are to be used to redeem on or before Oct. 15, 1943, the presently outstanding $6,500,000 5% convertible debentures due June 1, 1968.

Registration Statement No. 2-5196. Form A-2. (8-6-43).

MONDAY, AUG. 30

REPUBLIC DRILL & TOOL CO.

Republic Drill & Tool Co. has registered $1,250,000 5% convertible debentures, due Aug. 1, 1953, and 296,875 shares of common stock, par $1, to be issued upon conversion of debentures.

Address—322 South Green Street, Chicago.

Business—Engaged in the manufacture and sale of high speed and carbon twist drills.

Underwriting—Wyeth & Co., New York and Los Angeles.

Offering—Price to public 100 and accrued interest from Aug. 1, 1943, to date of delivery.

Proceeds—Of the net proceeds, the company will apply $100,000 to retire its outstanding bank loan, $125,000 toward the retirement of outstanding convertible preferred stock, and the balance to working capital.

Registration Statement No. 2-5197. Form A-1. (8-11-43).

TUESDAY, AUG. 31

BRANIFF AIRWAYS, INC.

Braniff Airways, Inc., has filed a registration statement for 400,000 shares of common stock, par value $2.50.

Address—Love Field, Dallas, Texas.

Business—Company is fifth largest commercial airline in the country in passenger miles flown. It has applications pending for extensions of its domestic routes.

Offering—Price to the public will be supplied by amendment.

Underwriting—F. Eberstadt, New York, heads the group of underwriters. Others will be named by amendment.

Proceeds—Company intends to add the net proceeds from the sale of the stock to its general funds as additional working capital. Proceeds subject to foregoing may be applied to replacement of flight equipment requisitioned by the government; to purchase of additional equipment necessary to meet passenger and cargo traffic requirements on present and proposed domestic routes; to purchase of planes incident to operation of proposed trade-area feeder system and purchase of planes and other equipment for initiation of operations of proposed foreign routes.

Registration Statement No. 2-5198. Form S-1. (8-12-43).

(This list is incomplete this week.)

Currency Stabilization Plans Of U. S., Britain And Canada To Be Discussed In Chicago

A conference to consider the post-war plans proposed by the United States, Great Britain and Canada for currency stabilization will be held in Chicago on Aug. 26 by representatives of the three Governments. According to an announcement on Aug. 13 by Simeon E. Leland, Chairman of the Federal Reserve Bank of Chicago, 130 reservations have already been made for the meeting, including directors and executive officers of Federal Reserve banks in Chicago, St. Louis, Minneapolis, Cleveland, Kansas City, San Francisco, Boston, Dallas and Atlanta. From Chicago advices Aug. 13 to the New York "Herald Tribune" we also quote:

"British plans for monetary stabilization after the war developed by John M. Keynes, noted English economist, will be presented at the meeting by representatives of the British Government yet to be named, Mr. Leland said. Mr. Keynes will be unable to attend.

"Dr. Harry D. White, director of the division of monetary research of the Treasury Department, will explain the post-war monetary plan for the United States drafted under his leadership. He will be assisted by E. A. Goldenweiser, economist for the Federal Research Board.

"Canada's suggested solution to international currency stabilization will be outlined by G. F. Towers, Governor of the Bank of Canada, whose ideas formed the backbone for the Dominion program.

"John K. Langum, economist for the Federal Reserve Bank of Chicago, and Arthur Upgreen, economist for the Federal Reserve Bank of Minneapolis, will analyze the three plans critically, attempt to find their common grounds and suggest possible improvements.

"There is little general knowledge regarding the United States plan, and less is known about the British and Canadian plans," Dr. Leland said in explaining the reasons for calling this conference. "We want to bring them all out in the open at this meeting."

Dr. Leland said that the conference would be closed to both the public and the press, but that participants would be given an opportunity to "sum up their cases" to newspaper men.

Dr. Jacob Viner, former economic advisor to the Treasury Department, will discuss the monetary programs of the three nations at a dinner following the meeting.

Lend-Lease For Ethiopia

A lend-lease agreement between the United States and Ethiopia was signed in Washington on Aug. 9 by Secretary of State Hull and Ethiopia's Vice Minister of Finance, Yilma Deressa.

The agreement was negotiated under the terms of the Lend-Lease Pact of 1941, which authorizes the President to extend aid to any country whose defense is deemed vital to the defense of the United States.

President Roosevelt ordered last December that Ethiopia be included in the list of countries eligible to receive lend-lease assistance; this was noted in our issue of Dec. 31, page 2327.

Ethiopia, the first nation to regain its territory after temporary occupation by an Axis aggressor, recently indicated its adherance to the Declaration by United Nations.

Ray Maple With Bacon Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — Ray C. Maple has become associated with Bacon & Co., 256 Montgomery Street, members of the San Francisco and Los Angeles Stock Exchanges. Mr. Maple was formerly associated with Nelson Douglass & Co. and in the past was an officer of Leo G. MacLaughlin Co. of Pasadena.

The Business Man's Bookshelf

Financing of Large Corporations, 1920-39—Albert R. Koch—National Bureau of Economic Research, 1819 Broadway, New York City—Cloth—$1.50.

French North Africa, A Brief Outline of General Information—New York Agency of Societe Generale to Further the Development of Commerce and Industry in France—Paper.

Paying for the War—Chester D. Babcock, Eber Jeffery and Archie W. Troelstrup—National Council for the Social Studies, Washington, D. C.—Paper—30¢.

New Europe, The — Bernard Newman — The Macmillan Co., 60 Fifth Avenue, New York 11, New York—Cloth—$3.75.

Regulations Regarding Payments Between Switzerland and Foreign Countries — Monetary and Economic Department of the Bank for International Settlements, Basle, Switzerland — Paper — 15 Swiss francs.

Gold, Silver and Paper Money—Francis W. Hirst—Cobden Club, Dunford House, Midhurst, Sussex, England—Paper—6 d.

Survey of Corporate Securities (1943 Edition)—Issued by "The Financial Post" of Toronto—Published by The MacLean Publishing Co., Limited, Montreal and Toronto—Cloth—$2.00.

RFC Collects $74 Million On Loan To British

Secretary of Commerce Jesse Jones announced on Aug. 4 that the Reconstruction Finance Corporation has received payments aggregating $74,405,476 during the two years ended July 31 to apply on interest and principal of the $425,000,000 loan made to Great Britain.

The loan was authorized in July, 1941, and $390,000,000 has been disbursed. The security for the loan consists of listed and unlisted securities of United States corporations, the capital stock of 41 British-owned United States insurance companies and assignment of the earnings of the United States branches of 41 British insurance companies. Payments are applied first to current interest and the balance to reducing the principal of the loan.

The proceeds of the loan were used by Great Britain to pay for war supplies in this country contracted for prior to the enactment of the lend-lease program.

Matye Again Trading For Edward D. Jones & Co.

ST. LOUIS, MO. — Edward D. Jones & Co., 705 Olive St., members of the New York and St. Louis Stock Exchanges and other leading Exchanges, announce that John Matye has returned from war work and is now local trader on the St. Louis Stock Exchange for their firm. Mr. Matye had represented Edward D. Jones & Co. on the St. Louis Stock Exchange for the past ten years.

Capt. Rickenbacker After Tour Of Fighting Fronts Believes Germany Will Hold Out Another Year

Expects Russia To Come Out Of War As Greatest Democracy

Following the completion of a 55,000 mile tour of inspection of the battle fronts of the war, Capt. Edward V. Rickenbacker advanced the opinion that "Germany will not even crack before the Fall of 1944, at the best, at our present rate of progress toward total victory" and that it may take another year or more to destroy "another savage and treacherous enemy in the Pacific." Declaring that "only a miracle can bring victory sooner," he added:

"I have confidence in the possibility of that miracle and the accomplishment of that miracle lies in the hearts, heads and hands of every American man, woman and child, and your faith in God."

Capt. Rickenbacker, whose tour, embracing 97 days, was made at the instance of Secretary of War Henry L. Stimson, expressed his views "as a private citizen" in a statement to newspaper men at the Hotel Roosevelt in New York on Aug. 17. Stating that "I think we will have to break Germany from the inside out. We can't afford to break her from the outside in," he reported the Germans as having tremendous man power left, and declared them to be "a courageous daring and intelligent enemy." The New York "Sun" of Aug. 17 in quoting this, further indicated in part what he had to say as follows: "They also have a deep-eyed 'fanaticism' about this war, which spurs them on.

"But the Germans are finding out they have nothing which is not bombable," he added. He viewed the pictures of the bombing of Hamburg while he was in England and that German city took "a terrific beating," he reported.

"No people on earth can stand that kind of punishment—not even ourselves," he said.

Of Russia Capt. Rickenbacker said:

"If Mr. Stalin had not seen fit or considered it advisable to participate in the conferences with our President and Mr. Churchill, we must bear in mind that he is head of a great nation, fighting a total war and has little time for anything but immediate results."

His statement reported that he had visited American military establishments in South America, North Africa, Algiers, Libya, Egypt, India, China, Russia, Persia, Tunis, England, Iceland, Greenland, Labrador and at home.

Especially glowing was Capt. Rickenbacker's report on Russia. He found the Russians anxious to know the Americans and British better. He found them convinced of victory and a world peace. He found their material of the best, particularly the aerial defenses of Moscow, which he found "fantastic in their proportions."

"All employed in all plants in Russia are on the incentive plan," reported Capt. Rickenbacker, "with a minimum base wage for all. For quality and quantity they are paid in additional wage: first, and for outstanding effort on the part of employees, additional quantity and quality of food is added to the increased wages. There is no absenteeism problem," he added, explaining that tardy workmen are first reprimanded, then suffer reduced wages and food allowances and finally, in flagrant cases, are discharged.

In the New York "Times" Capt. Rickenbacker was reported as follows:

Captain Rickenbacker remarked that whereas for the last several years Russia has been moving to the right, the United States, at the same time, has been "tending to the left."

"If they keep going on as they are you'll find Russia coming out of this war the greatest democracy in the world, while if we keep going on the way we are we'll be where they were 25 years ago," he declared.

"Do you mean to suggest that Russia is moving toward capitalism while we are moving toward bolshevism?" Captain Rickenbacker was asked.

"Yes, in a sense," he replied.

Asked whether he attributed the tendency in this country to the Administration, Captain Rockenbacker replied that he referred to the "Administration" as well as to other factors.

York Corp. Attractive

Common stock of the York Corporation offers an interesting situation, according to a memorandum issued by Peltason, Tenenbaum, Inc., Landreth Building, St. Louis, Mo. Copies of this memorandum may be had upon request from Peltason, Tenenbaum, Inc.

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Scientific Advances In Oil Industry Will Solve Many Post-War Problems, Says Col. Barton

In discussing the post-war prospects of the oil industry, Col. T. H. Barton, President of Lion Oil Refining Company, said that great scientific strides have been made in the development and production of oil and gas in the past few years. "And these advances are bound to make themselves felt in solving many of the problems which will comfort us in the post-war era," he said.

"Many thinking people believe that petroleum is destined to play a greater part in the chemical world than ever before, and some even feel that it should, and will, become the leader in this industry. With this view I concur, and I believe that the normal functions of the industry of supplying lubricants and fuels, combined with the vast opportunities in the realm of chemistry will provide a field of usefulness and prosperity for the oil industry not dreamed of a decade ago.

"For some time the petroleum industry has been producing a long list of refinery products in addition to fuel oil, gasoline and kerosene from crude. This list proceeds up and down the scale from high octane aviation gasoline to roofing asphalts and asphalt plastic cements. And chemical research is enlarging the list daily.

"In addition to butadiene, a very important contribution which now seems to be well initiated, and will probably develop without any additional encouragement, the petroleum industry after the war will be able to produce easily and in great volume—

1. Numerous solvents for the paint, lacquer, varnish and enamel industry;
2. Alcohols of various kinds;
3. Aldehydes which are used in large quantities in the resin and plastics industries;
4. Nitric acid for use in making smokeless powder and other explosives and in the lacquer industry;
5. Ammonia and ammonium compounds for use in the manufacture of fertilizers;
6. Benzol and toluol which lend themselves to oxidation to yield materials useful in the production of surface coating and resins for the rapidly expanding plastics industry.

"As in other industries many of the discoveries and developments in the oil industry must await the cessation of hostilities to make themselves felt economically. But when the great day comes, we will be geared and prepared to produce many things which will be a boon to men in the new world that is bound to come. The new field of usefulness and service will redound immeasurably to the benefit and prosperity of the oil industry."

Morgenthau To Disclose Compromise Currency Plan; Will Figure In Discussions In Chicago

An international currency stabilization plan said to represent a compromise between American and British proposals and embodying suggestions made at informal conferences in Washington by financial experts from other of the United Nations is to be disclosed this week by Secretary of the Treasury Morgenthau, according to Washington advices Aug. 17 to the New York "Times."

It will be sent to the Senate Finance and House Ways and Means Committees for their opinion and will be the subject of conference in Chicago Aug. 26 to be held at the instance of Chairman Simeon E. Leland of the Chicago Federal Reserve Bank, called with a view to consider the currency stabilization plans of the United States, Great Britain and Canada. Regarding the Treasury's compromise proposal, the "Times" account from Washington Aug. 17 said:

"It is understood that in important respects it resembles the plan submitted recently by Canada, a plan which met with much approval here, perhaps because it seemed to lean toward American views in regard to such vital matters as the status of gold as a factor in exchange stabilization and the basis on which member nations would participate.

"Like the American and unlike the British plan, the Canadian plan provided for an international exchange fund created chiefly through capital subscriptions by member countries. It suggested that the new stabilization fund have assured resources of at least $12,000,000,000, as compared with the $5,000,000,000 proposed in the American plan and the lack of any definite figure in the British plan.

"On the question of voting power, the Canadian plan differed substantially from the American plan. It provided that, with one exception, all decisions be taken by majority vote. In the American plan many decisions would require a four-fifth vote."

Newburger-Hano Admit

Peter Morgenstern will be admitted to partnership in Newburger & Hano, members of the New York and Philadelphia Stock Exchanges, as of today. Mr. Morgenstern will act as alternate on the floor of the New York Stock Exchange for Harry Grabosky, and will make his headquarters at the firm's New York office at 39 Broadway.

So. Pacific Interesting

Southern Pacific (Oregon Line) 4½s of 1977 offer an interesting situation according to a circular prepared by Raymond & Co., 148 State Street, Boston, Mass. Copies of this circular may be obtained from Raymond & Co. upon request.

Final Edition | ESTABLISHED OVER 100 YEARS | In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

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The Financial Situation

Many months ago it began to be apparent that the calls of selective service and the beckoning of high wages in war plants had so denuded the farms of labor that the nation's food supply was in serious danger. As time passed the situation thus created became more and more critical, and the authorities sought first one remedy and then another, some of them little short of ludicrous in their impracticability. It is not even yet clear whether this state of affairs, which, of course, should never have been permitted to come into being, has really been adequately remedied. Our food supply is certainly far from over-abundant, and the prospect far from clear.

Shortages Real

For several months past key executives have been expressing the opinion that we were headed for a similar situation as respects production of war goods. The armed forces were taking so many of their men with badly needed skills, they warned, that production schedules were being met with the greatest difficulty. These quotas had been set upon an ascending scale, it was pointed out, and in consequence the pressure upon more and more limited skilled working forces was steadily grownig. Many have for months been bluntly stating in private that war industry would, if policies and practices in drafting skilled men continued unchanged, presently be faced with impossible demands for production. These predictions appear to be finding strong support in recent reports of production.

In this type of labor market excessive turnover is usual, indeed almost inevitable, but in recent months, and particularly in recent weeks, the instability of working forces appears to have been seriously aggravated by the peculiarities of the workings of the draft system, by differentials in wage scales and other conditions of work, and by a number of abnormal conditions which are in part the product of the way in which civilian occupations in the service industries have been dealt with by the authorities. This situation is reported to have developed with peculiar intensity in certain sections of the aircraft industry, which with the possible

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Byrnes Declares Wage And Price Stabilization Act Must Prevail

Indicating that definite progress is being made "in a food price program with a view to stabilizing the cost of living as nearly as practicable at the level fixed by Congress," James F. Byrnes, Director of the Office of War Mobilization, declared on Aug. 16 that "there will be a substantial reduction in the cost of actual necessities—not of fancied wants." Mr. Byrnes, who made these statements in a radio address, broadcast from Washington, cautions that "wages as well as prices must be held." "The fight against inflation," he said, "can be won if we have the will to win it. It cannot be won if the will for higher wages and higher prices is stronger than the will to keep down the cost of living." In part, he also said:

"The first interest of every good citizen should be to see that there is no further rise in the cost of living. If, in some cases, increased production costs make further price adjustments unavoidable in order to obtain necessary war production, then we must, by more rigid price control, or subsidy, of other items see that there is no rise in the cost of living.

"It does not make sense to say that we can use subsidies to prevent numerous specific food prices from rising but that we cannot use subsidies to reduce a limited number of key items in the family food basket to offset rises permitted in other food items.

"Congress, by the act of Oct. 2, 1942, declared that prices and wages should be stabilized so far as practicable at the level of Sept. 15, 1942."

Likewise, he stated:

"We cannot abandon the hold-the-line order on the price front without abandoning it on the wage front. And if we abandon it on both fronts, the 20 millions or more of our people receiving low wages, small salaries and small fixed incomes which have not been increased materially since the war started will be ground below the level of fair subsistence."

Mr. Byrnes made known in his address the approval by the President of a 48-hour week for mines, as to which he (Mr. Byrnes) said:

"Because of the threatened coal shortage, several days ago the President requested me to ask Secretary Ickes to consider the advisability of increasing the working hours in the mines. Sec-

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The News Behind The News

By PAUL MALLON

The German military situation is decaying rapidly.

Italy is defenseless, as we control the air and sea on both sides of the boot. Wherever the Nazis elect to dig their defensive line in Italy, we can turn their positions by landing in their rear from the sea. Frontal attacks are not necessary.

Paul Mallon

Swiss rumors have suggested they are digging in on the Po River line, which would leave all the boot to the Italians and to us. It is too far north to be turned from the sea. A better line runs across the top of the Apennine Mountains, north of Florence, but it could be turned.

However, both positions can be fed from Germany only through the Brenner Pass (about 200 yards wide). Our bombers can close that pass and cut off any Nazi defense in Italy as soon as they get into Italian mainland airfields.

The only other possible German supply routes for defense on north Italian soil run through Switzerland, and the neutral Swiss

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GENERAL CONTENTS

Individual War Bond Purchases Seen Best Antidote For Inflation

The best antidote for inflation is the purchase by individuals of government war bonds, New York business leaders were told on Aug. 16 when W. Randolph Burgess, Chairman of the War Finance Committee for New York State, stressed this point at a luncheon in the Union League Club, where plans for the Third War Loan, beginning September 9, were outlined to a cross-section of business and industrial executives.

The purchase of war bonds by ordinary Americans to the limit of their resources will not only prove to be sound insurance for the future, but will prevent a spiraling inflation, Mr. Burgess pointed out. He emphasized that the forthcoming war bond campaign will be more than a money-raising effort. Mr. Burgess added.

W. R. Burgess

"It will be a means of knitting the people of America closer together in a united group to finance the war and bring it to a victorious end for us. More than 50,000,000 citizens have already invested in war bonds. But it is up to business men to increase that number so we can continue to live in the American way."

He further said that "having as many people as possible stockholders in the U. S. A. will prove a great force in post-war times." Mr. Burgess recalled that in the last war bond campaign the discovery was made that banks could be "induced to advise depositors to withdraw their money and invest it in government bonds." The payroll savings plan was another idea born during war loan drives, he said, and 46,000 firms have adopted the plan.

Life insurance agents and the Civilian Defense Corps are being recruited to help in the Third War Loan as part of a volunteer army of half a million, Mr. Burgess revealed. Nevil Ford, Executive Manager of the War Finance Committee for New York State, urged business leaders to lend the services of as many executives as they could spare to help direct and supervise the thousands of volunteer war bond salesmen. Former Mayor James J. Walker advised the campaign be carried into the homes of small income groups. He said "the little fellow is always ready to help his Uncle Sam." Other speakers were Walter S. Gifford, President of the American Telephone and Telegraph Co., and Bruce Barton.

From Washington Ahead Of The News

By CARLISLE BARGERON

That gentleman who has formed the Republican Post-War Association and the other people in our midst who are terribly worried that we aren't going to show the proper "concern" in post-war world affairs, had better quit trying to force a candidate on the Republicans whom they don't want, and concentrate on the reelection of Mr. Roosevelt. Even then there is a serious question whether they aren't sunk anyway.

We are going on the assumption that all the racket being stirred up about this "concern" is nothing more than an enterprise by a lot of pretty good propagandists in which a lot of well meaning people have been hooked. We mean to say that we have never known the time when this country wasn't "concerned" in and when it was not meddling in world affairs. Harding, Coolidge and Hoover seemed to be forever either holding international conferences or preparing for them. Had it not been for us and to a much lesser extent, Britain, the French would probably have still been in the Rhineland and the Ruhr. Mr. Roosevelt, as one of his first undertakings, scuttled the London Economic conference which Hoover had initiated; he also claimed considerable credit for the Munich Pact. As kids most of us used to give our pennies to the foreign missions by which the Chinese and other "heathens" were to be taught our Christian way of life.

Heretofore, our explanation for the belligerency of the dictators has been that things were going bad on their home front and they had to do something to divert the minds of their subjects. This was the explanation we accepted, at the time, for Mussolini's move into Abyssinia, and it is difficult to understand just what other reason he could have had, though we are now told it was a piece of the general plan. Indeed, we have accepted the big excursions abroad of our own politicians as more or less warm weather diversion with which they were seeking to entertain us. But certainly they were showing a "concern" in world affairs at the time. We remember very well after Hoover had succeeded Coolidge, the latter came back to Washington to preside over the formal signing of the Kellogg pact. That instrument was a big showing of "concern" in world affairs, and Mr. Hoover's publicity man thought Coolidge was getting a little too much play in the newspapers that day, so in the late afternoon, after the morning ceremonies attendant upon signing the pact, Hoover came out with an announcement that this Government and Britain to show

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The Financial Situation

(Continued from first page)

exception of ship construction is now regarded as the most vital of all war industries. It is, however, by no means confined to this key industry, but, on the contrary, is proving quite troublesome in a number of other branches, some of them in turn essential to full scale plane production. All in all, this situation appears to be reaching, if indeed it has not already reached, a critical stage.

Controversy Over Fathers

Meanwhile the armed forces continue to insist upon large accretions to their ranks, additions so large that the War Manpower Commission is finding itself hard put to it to supply them. This organization has been taking the position that it had no alternative to the calling up of fathers. In some instances possibly it is a choice of calling out irreplaceable single men from war industry or drafting men with dependent children; in others apparently—due to the peculiarities of the methods employed in fixing the quotas of the local draft boards—no choice at all remains. The idea of drafting fathers is, however, anathema in certain Congressional circles, and it has appeared at times that were the Administration to proceed with plans for drafting them on any large scale, its difficulties on Capitol Hill, where there is trouble enough as it is, might well assume substantially greater proportions.

New Plans

To meet all these difficulties at least in part War Manpower Commissioner McNutt has evolved a new scheme, which was announced late last week. The plan has a number of characteristics of what is known as a clever political maneuver, but the real question is: In what degree the plan will contribute to the solution of the pressing problems confronting the nation? The War Manpower Commission ostensibly at least sticks to its guns as regards the drafting of fathers, but offers them an opportunity to get into war work, and if they are possessed of certain so-called critical skills they will for that reason receive special deferment if in war work. The list of non-deferrable occupations is lengthened considerably, and new and more stringent rules are promulgated designed to curtail labor turnover. The purpose announced is to place all able-bodied men, whether fathers or not, between the ages of 18 and 38 either in the armed services or in essential war work, and to keep men working where they are wanted most. What is likely to be the result of all this planning and ordering?

Asking The Impossible

The careful observer would like to know, first of all, whether the plan, if it worked out in actual practice as desired, would provide both the armed services and the war plants with the manpower required. The over-all objective as stated is to add 2,000,000 men to the armed services and 1,600,000 to the war labor force by July 1, 1944. That the procedures now announced will succeed in finding 3,600,000 men for the purposes during the period mentioned is seriously to be doubted. It will, of course, create no manpower which does not already exist, or which does not automatically come into being as time passes quite irrespective of what may be done in the matters here in question. That another 3,600,000 men can be drained off from the labor force now serving the civilian population without grave consequences may well be doubted. It is not proving easy to enlist more women to take the place of men either in war work or other occupations due to a number of causes, some of them quite natural and others products of the reductions already effected in services offered the civilian population. A spokesman for the War Manpower Commission only the other day asserted that from 1,500,000 to 2,000,000 more women must be drawn into war work before the end of the current calendar year.

The thoughtful observer is therefore obliged again to ask whether we are not in effect asking for better bread than can be made of wheat, or, perhaps better stated, more bread than can be made of the wheat at our command. In our anxiety to enlarge the size of our fighting forces to compare more favorably with those of some of the other countries engaged in this war, are we not endangering our capacity to remain in a very real sense the arsenal of democracy? It should never be lost to sight that our factories are expected to produce not only the armament required by our own forces, but a very large part of that needed by Russia, Great Britain, China, and many, many other smaller allies. It would be simply disastrous for us to fail in our undertaking to see that all these associates of ours have all the arms and munitions—not to say food, in many instances—they require. It is often said that it is better to have too large an army than too small an army. This, like so many catch phrases, half reveals and half conceals the truth within. Too large an army in the circumstances actually now existing could, if it were the cause of failure to equip them and those of our allies properly, be quite unfortunate enough.

Time For Reconsideration

This is a matter beyond the control of the War Manpower Commission. It rests with the President himself in the final analysis, and the Commander-in-Chief would, we believe, do well to reconsider this entire question in light of the facts as they are now developing. It may be taken for granted that the most recently announced program of the War Manpower Commission will not work perfectly, or even approach perfection. They are much more likely to fail to have any very important helpful effect — as many others have failed before them. To cling stubbornly to plans which have proved unsound may well be to court disaster if the war is greatly further prolonged.

Fear And Want

"Fear of a post-war depression and preparation for it appear to dominate the policies and attitudes of business management. Accordingly, profits are sought mainly as a means to security. One respondent, for example, states that 'Present taxes take so much of income that we will have to be very careful if we are to have enough to get through the next slump.' And another says: 'Our job from here out is to get in the strongest possible financial shape. It will be a struggle with present and possible future taxes. No more expansion with our money.'

"A specific example of post-war dangers is that of liquidating inventories-in-process and accounts receivable at the termination of hostilities. Borrowing to provide additional working capital is a normal procedure for many corporations when liquidation of inventories and accounts receivable is expected to provide the funds with which to repay loans. The present danger arises from the strong possibility that post-war liquidation of labor-and-materials-in-process and accounts receivable cannot be consummated without grave losses.

"Since taxes are not due until about a year after the profits upon which they are levied were earned, reserves are set up by corporations to meet the payments when they become due. Many corporations are making current use of the funds represented by these reserves and are depending upon future earnings or liquidation of assets for cash with which to pay taxes. Some corporations feel that this is such a hazardous practice that they refuse to do it; rather, they restrict current operations if necessary, to permit the setting aside of cash to meet these payments.

"Those who feel forced to use their tax reserves currently because of the urgency of war production are quite apprehensive as to the dangerous post-war situation they are creating for themselves."—The Conference Board.

If business is to be denied reasonable freedom from fear, how shall any of us attain freedom from want?

The State Of Trade

Reports from most of the heavy industries continue to show up well, with a new high again scored in electric production.

For the fourth consecutive week ended Aug. 7, electric distribution reached a new all-time high of 4,240,638,000 kilowatt hours, which compares with 4,226,705,000 kwh. in the preceding week and 3,637,070,000 for the like 1942 week, according to the Edison Electric Institute.

Production of electrical power for the latest week was 16.6% above a year ago, against a year to year gain of 15.8% in the July 31 week. Mid-Atlantic, Pacific Coast and Southern States divisions showed the largest gains over 1942.

Consolidated Edison Co. of New York announced that the system's output of electricity for the week ended Aug. 8 was 202,100,000 kilowatt hours, against 153,200,000 for the like 1942 week, an increase of 31.9%.

Steel operations this week are scheduled at 98.8% of capacity compared with 98.4% last week, an increase of 0.4%, according to the American Iron & Steel Institute.

A month ago the rate was 98.3% of ingot capacity, while operations stood at 97.2% in the corresponding week of 1942.

A gain of more than 1,000,000 tons of steel for use during the last half of this year has resulted from the steel-for-victory drive, it was announced by Donald M. Nelson, chairman of the War Production Board.

This figure, Mr. Nelson said, represents half of the drive's over-all quota of 2,000,000 tons of additional steel for the third and fourth quarters. The other parts of the drive—increased efforts to make more steel from existing facilities and the acceleration of the completion of selected new facilities—are being pushed, and "there is every expectation that the drive will be a complete success. Fourth-quarter steel requirements are still some 4,000,000 tons greater than supply. But the success of the share-the-steel campaign is encouraging to us all."

Carloadings of revenue freight for the week ended Aug. 7th, totaled 872,077 cars, according to the Association of American Railroads. This was a decrease of 13,437 cars below the preceding week this year, 21,856 cars more than the corresponding week in 1942 and 6,428 cars under the same period two years ago.

This total was 124.01% of average loadings for the corresponding week of the ten preceding years.

Civil engineering construction volume in continental United States totals $31,773,000 for the week. This, not including construction by military combat engineers, American contracts outside the country and shipbuilding, is 33% below the preceding week and 84% below the total for the corresponding 1942 week, according to "Engineering News-Record."

Private work is 47% below a week ago and 69% below a year ago. Public is off 31% from last week despite the 48% gain in state and municipal construction, as Federal work is down 37%. Both state and municipal and Federal volume are below last year and are responsible for the 85% decrease in public construction. Current volume brings 1943 construction to $2,141,802,000, an average of $66,931,000 for each of the 32 weeks.

Department store sales on a country-wide basis were up 6% for the week ended Aug. 7th, compared with the like week a year ago, according to the Federal Reserve System.

Store sales were up 14% for the four-week period ended Aug. 7th, compared with the like period last year.

Department store sales in New York City in the week ended Aug. 14th, were 2% smaller than in the corresponding week of last year, according to preliminary estimate issued by the Federal Reserve Bank of New York.

In the previous week ended Aug. 7th, sales of this group of stores were 3% less than in the like week a year ago.

Retail sales are well on the way to a new all-time high, observers state. The upturn thus far in 1943 indicates that the nation's stores this year, for the first time in history, will do a total volume of business in excess of $60,000,000,000. This compares with $56,400,000,000 in the record year of 1942 and with $54,200,000,000 in 1941.

However, most economists close to the retail picture do not believe that this top figure can be realized. They admit that consumer income and consumer demand for goods are both sufficiently large enough to achieve such an end, but hold that the merchandise necessary to make the gain possible will not be available.

Although merchants will have to contend with more and more war-time merchandise shortages, as well as with man-power and delivery problems, the future of retailing remains bright, informed sources state. When peace comes stores should enjoy a good business. Of course, there will be some post-war readjustments to face first, but once American factories roll into production on now hard-to-get items of civilian goods, retail sales should rise substantially.

Wood Pulp Output In First Half Off 17.5%

Near-stability appears to have been achieved in the amount of wood pulp becoming available for consumption in the United States, Fred G. Stevenot, President of the Puget Sound Pulp & Timber Co., declared last week, but at a level considerably below the current rate of consumption. He warned that the national pulp stock pile is being depleted at a rate which cannot be long continued.

Total pulp production of 4,557,000 tons in the first half of 1943 came within 116,000 tons of equaling production in the last half of 1942, but fell 965,000 tons (or 17.5%) short of the record for the first half of that year, Mr. Stevenot said. Domestic production, augmented by slightly increased imports and a reduction in exports, provided approximately the same total amount of new supply for domestic consumption in each of the four quarterly periods ended June 30, 1943.

Some divergence in trends was pointed out by Mr. Stevenot, with slight gains in receipts of mechanical pulp, from which newsprint is made, while chemical pulp receipts showed minor declines in successive quarterly periods.

"For most of the past year pulp inventories have been drawn upon heavily to meet consumption demands," Mr. Stevenot stated. "Stocks at pulp producing mills were reduced 47%, from 192,000 tons in August, 1942, to 102,000 tons in June, 1943. Stocks of paper grades of pulp declined an estimated 37% between October, 1942, and June, 1943."

Crux of the situation is the low rate of production of logs and pulpwood for months past. Sharp inroads have been made in inventories of wood for pulping purposes, but even this expedient enabled pulp mills to operate at only about 78% of capacity in the first half of 1943, and at less than 75% of capacity in June, the statement added.

"Renewed efforts, all on a voluntary basis, are now being made to step up production of logs and pulpwood," Mr. Stevenot said.

Spahr Says Treasury Statement On Invasion Money Shows Clearly That It Is Fiat Money

Incident to the Treasury Department's explanation, Aug. 16 of its invasion money, Prof. Walter E. Spahr finds that the Treasury makes clear that the currency is "outright fiat money." The observation is also made by Prof. Spahr that the Treasury while planning for and printing this currency, apparently did not present this program to Congress—the only body, he points out, which has Constitutional power to authorize the issuance of our currency. The views of Mr. Spahr, who is Professor of Economics, New York University, and Secretary of the Economists National Committee on Monetary Policy, were contained in a statement issued by him as follows on Aug. 17:

"Perhaps the chief fact made clear by the Treasury in its explanation of its printing and issuance of invasion money is that this currency is outright fiat money.

"To the extent that the Treasury attempts to redeem it, this money constitutes a net addition to the paper money authorized by Congress and just that much additional load on our gold and silver monetary reserves. The effect is precisely the same as if a like amount of fiat money had been issued within the United States.

"The Treasury says that the Army's use of this money for normal military operations would be charged to War Department appropriations, thus making 'no change in the customary control by the Congress over the size and nature of Army appropriations.' It also says that that portion of this money used for local governmental operations, including such things as 'maintenance of public schools, water systems, salaries of local officials and the like' will not be charged against Army appropriations 'for obvious reasons.'

"When Congress appropriated money for the War Department, it provided that the Treasury should raise the funds by taxation and borrowing; it did not authorize the Treasury to pay War Department expenses by the printing of fiat money. To charge expenditures of such money against War Department appropriations does not change the fact that the Treasury has met these expenses by the use of fiat money not authorized by Congress.

"To the extent that the Treasury attempts to redeem this money in our gold and silver, these reserves can be depleted. Should the Treasury issue a sufficient amount of this fiat money and attempt to redeem it our supply of metallic reserves could be exhausted. And all this could be done without the consent or knowledge of Congress.

"War Department appropriations exceed many times the amount of this nation's metallic money reserves; therefore the fact that the Treasury proposes to charge part of this fiat money against War Department appropriations affords no protection whatever against endangering the monetary reserve systems of this country.

"As to that portion of this fiat money which the occupied countries are obliged to use and which will not be charged against War Department appropriations, the question arises as to what that money will be worth unless the Treasury redeems it in dollars at the rate specified on its face. If the Treasury does not redeem it, the specified rate of exchange means nothing. If it is to be redeemed, then it, too, becomes a liability of our Treasury and a burden on our metallic money reserves.

"The Treasury says that this money is issued under international rather than American law. Just what international 'law' authorizes, or could authorize, the Treasury to issue fiat money which could be used to impair or destroy our monetary and reserve structure without Congress having anything to say about the matter is certainly a question that Congress should explore very quickly and very thoroughly.

"One arresting aspect of this matter is the fact that the Treasury, while planning for and printing this currency, apparently did not present this program to Congress which was then in session. Withholding from Congress, the only body which has Constitutional power to authorize the issuance of our currency, all knowledge of a Treasury program of printing and issuing a new and unauthorized paper money—if that was, in fact, the case—would seem to raise a question of the gravest import both to Congress and to the American people. It may have been necessary or desirable for the military forces to have some special currency but, if this was the case, it would seem quite clear that only Congress could authorize its issuance."

Group Named To Study Post-War Shipping

The U. S. Maritime Commission announced on Aug. 11 the formation of a post-war planning commission which will develop a long-range program for the American shipping industry.

The commission's action was undertaken "pursuant to its statutory responsibility under the Merchant Marine Act of 1936. The act requires the commission to make various surveys to determine shipping requirements of the United States and to assure maintenance of a merchant marine adequate to the needs of commerce and defense."

"The economic survey made in 1937 resulted in various measures for the upbuilding of the American fleet, notably a 10-year plan for the replacement of obsolescent vessels and a training program for the development of an efficient seagoing personnel. The current survey is expected to provide a broad background of information which will enable the Commission not only to plan for the immediate post-war period but to formulate a long-range program as well."

The Post-War Planning Committee is headed by Commissioner Howard L. Vickery, serving as Chairman, and Commissioner Thomas M. Woodward, serving as Co-Chairman. Other members of the committee are:

Representing the Maritime Commission: R. E. Anderson, Director, Division of Finance; James L. Bates, Director, Technical Division; Henry L. Deimel, Jr., Director, Division of Economics and Statistics; Ralph H. Hallett, Director, Division of Regulation; Gerald H. Helmbold, Director, Division of Operations and Traffic; Harvey Klemmer, Economic Adviser to the Commission; Donald E. Lawrence, Chief Examiner of the Examining Division; Huntington T. Morse, Assistant to the Chairman; Daniel S. Ring, Director, Division of Shipyard Labor Relations; S. Duvall Schell, Executive Director, and Wade H. Skinner, General Counsel.

Representing the War Shipping Administration: F. M. Darr, Director of Traffic; Telfair Knight, Assistant Deputy Administrator for Training; William Radner, General Counsel; David E. Scoll, Assistant to the Administrator.

Post-War Prosperity Depends On National Thrift Now, Hook Says

The need for thrift in American society to build up reserve for post-war purchasing was emphasized on Aug. 8 by Charles R. Hook, President of the American Rolling Mill Co., in a talk to the Ohio Department of the American Legion at Cincinnati.

"Planning for post-war production which would provide jobs for men now in military service is meaningless, unless there is built up at the same time a reserve for the purchase of peacetime articles," Mr. Hook asserted. "The formula for the conversion of post-war production plans from paper to pay rolls is expressed in two words—'Thrift Now.' For prosperous post-war conditions we must have individual thrift, corporate thrift and government thrift."

"Industry can plan production," he said, "determine what it can efficiently make, where it can make it and to whom it can sell it, but industry must have a demand for that production. And demand, very simply, is purchasing power. Future demand . . . is created by savings now."

"There is nothing mysterious about it," he continued. "You just simply must have the money to buy an item or you can't buy it, now or in the post-war period. Individuals must save their earnings, buy War Bonds, stay out of black markets, pay off their debts, and sacrifice now to be able to buy after the war."

Pointing out that corporations should pay their debts to be in a position to readjust quickly to production of peace-time commodities, Mr. Hook urged that the Government allow industry to create a genuine post-war cushion through the setting up of reserves. He added:

"Government, too, must economize drastically. Individuals will not, and corporations cannot, put their financial houses in order if government does not. In this representative democracy, the government is a mirror of all the people. Therefore, the people of the United States must demand of their government that it set the pattern of thrift, or all the post-war production studies in the world won't do a bit of good when victory comes."

Johnson Leaves Army To Push Production Of Civilian Needs

Brig. Gen. Robert W. Johnson, Chairman of the Smaller War Plants Corporation, announced on Aug. 10 that he had obtained a discharge from the Army in order that he might be free to take a "strong position" in behalf of production of essential civilian needs.

In explaining his return to civilian status, Gen. Johnson said he wanted to become a "champion of civilian economy to a large degree" and that it would be inappropriate to carry out these responsibilities as head of the SWPC while still an officer in the Army. When Gen. Johnson was borrowed from the War Department last February to direct the SWPC, it was agreed that he would retain his military status as long as it proved beneficial in his post.

In announcing his resignation from the Army, Mr. Johnson made public a letter from Chairman Donald M. Nelson of the War Production Board to Secretary Stimson. This said Mr. Nelson shared General Johnson's belief that it would be "less embarrassing to himself and the Army" if he returned to civilian status.

"Invasion Money" Used By Allied Troops In Sicily Made Legal Tender There

That the so-called "invasion," or "occupation money" being used by the Allied troops in Sicily has been made legal tender there, exchangeable at par against local currency, was made known at Washington on Aug. 16, at which time, the War and Treasury Departments also disclosed, according to Washington advices to the New York "Times" that soldiers paid with "occupation money" might remit any portion of their pay to the United States. "Payment will be made here in dollars," said the advice, which added that "exchange at the decreed rate is available when the troops leave the area."

From the "Times" Washington account we also quote:

"On the other hand, for obvious reasons," it was said, "War Department appropriations will not be charged for expenditures in Sicily by the Allied Military Government for local governmental operations, whether financed from local taxes or revenue or through the use of Allied military currency. Thus, for example, the Allied Military Government will not charge Army appropriations in connection with the maintenance of public schools, water systems, salaries of local officials and the like."

Following the example set in connection with the Sicilian occupation, the Allied forces are making elaborate preparations for the distribution of currency in other conquered territories. These plans are designed, in part, to counteract steps that the fleeing enemy may take to disrupt conditions.

"The enemy," it was explained, "might, for example, adopt a scorched-earth policy, which, on the monetary side, may evidence itself in the withdrawal or destruction of currency stocks and the resulting depletion of the circulating medium of exchange of the area. On the other hand, the enemy might, in its efforts to cause maximum difficulties to the occupying forces, flood the area to be occupied with local currency to such a point that it becomes practically worthless as a satisfactory medium of exchange; and may even resort to the use of counterfeit local currency."

Advices that the Treasury and War Departments had announced that Allied military currency now in use in Sicily and held in readiness for future offensive operations was issued under international rather than American law were contained in Associated Press dispatches from Washington Aug. 16, which said:

"An explanatory statement said that the Army's use of the distinctive money for normal military operations would be charged to War Department appropriations, thus making "no change in the customary control by the Congress over the size and nature of Army appropriations.

"It should be noted that, in contrast with Axis procedure, which is governed by a policy of exploitation or of outright destruction of the existing economy of a conquered area, Allied military policy and procedure is governed by a spirit of liberation and a policy of rehabilitation and fair dealing with the liberated peoples."

"The announcement had been promised by Secretary of the Treasury Henry Morgenthau, Jr., as a reply to Walter E. Spahr, New York University Economics Professor and Secretary of the Economists' National Committee on Monetary Policy. Mr. Spahr had demanded to know the nature of the military currency, who was liable for its redemption, what the reserve was against it and under what authority it had been issued. No specific answers to the questions concerning redemption and reserves were given."

Dr. Spahr's queries on invasion money appeared in our issue of Aug. 5, page 516, and a further reference to the subject was made in these columns Aug. 12, page 604.

WMC States Policy On Reemployment Of War Veterans

With combat-disabled members of the armed forces returning home in steadily increasing numbers, and the list of those honorably discharged for other reasons rapidly lengthening, the War Manpower Commission issued on July 28 a statement of "Policy on Reemployment and Placement of Veterans." This policy, it was stated, was approved by the Management-Labor Policy Committee.

The policy statement says, in part:

"Effective prosecution of total war requires that every manpower resource of the Nation be utilized to the fullest extent possible. During the course of the war, large numbers of the Nation's veterans who suffer combat disabilities will be returned home; additional thousands will be returned to civil life, honorably discharged from the armed forces for other reasons. Full and effective utilization of returned veterans through reemployment, rehabilitation, training and selective placement is the Nation's responsibility and privilege.

"The War Manpower Commission fully recognized its obligations to veterans of the present war and to those of past wars and will continue to carry out these responsibilities through its Veterans' Employment Service Division of the Bureau of Placement and through its Regional, State and area offices, its local United States Employment Service offices, State and local Veterans' Employment Representatives and through its Bureau of Selective Service. The War Manpower Commission through these channels will place returned veterans in gainful and essential employment or refer them to the proper agencies for rehabilitation and training and thereafter accord them selective placement."

Non-Farm Foreclosures Down 39% In First Half

Continuing a decline which began in 1933, foreclosures on non-farm real estate in the first six months of 1943 were estimated at 14,179, a drop of 39% from the same period of 1942, and the lowest figure for any half year in the 16 years for which such information is available, the Federal Home Loan Bank Administration announced on Aug. 7.

All 12 Federal Home Loan Bank districts participated in the current downward movement, with decreases ranging from 56% in the Indianapolis region to 29% in the New York area.

The seasonally adjusted index of foreclosures for June was 16.1, as compared with the average level of the 1935-1939 base period (taken as 100).

To determine the effect of wartime population shifts on foreclosure activity, the Federal Home Loan Bank Administration recently made a study of foreclosure records in more than half of the nation's counties. It was revealed that foreclosures have increased in but 1% of those areas, a rise not attributable to the effect of losses in population on real estate values.

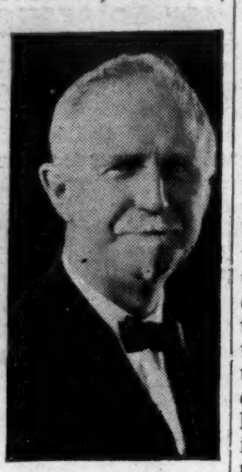
Capitalism or Communism or What?

Roger W. Babson Discusses Land Assessments

Letters continually come to me asking my idea as to what changes in the social and economic structure are ahead. These letters have increased since Vice-President Wallace made his recent Detroit address. As this is a nice cool day, I am making a guess as to what developments may take place or at least the route that such developments may follow. These comments, however, are merely forecasts and I am not arguing for them.

Begin with Fundamentals

Instead of Socialism, Fascism, Communism or even Capitalism succeeding, I expect that all of these—**as now set up**—will change. The "Single Tax" theory of Henry George or the "Eliminate Poverty" theory of Mrs. John Martin of Winter Park, Florida, comes nearer the desired goal. In selecting this goal, I make two assumptions as follows:



Roger W. Babson

1. That soil, babies, education and religion are the four foundation stones of any permanent economic and social system.

2. That the coming economic system will be half-way between Capitalism and Communism. The free enterprise feature of Capitalism must be conserved; while a monopoly of the soil must be avoided. Home owners, who use the land, must be protected.

These four fundamentals—soil, babies, education and religion—must be met one at a time in order that we do not "bite off more than we can chew." My forecast, therefore, is that the first problem to be tackled will be the soil problem. By soil I include farms, home gardens, natural resources and improvements, all of which go to make up real estate. Due to high taxes farmers now have not the money to build up their soil and prevent its loss by erosion. As a result the nation is losing **every day** the soil equivalent of 200 Forty-Acre Farms.

Fair Assessments a Protection

Real estate values and real estate owners—as well as the public—should be protected by fair and equal tax assessment. This can be accomplished only by legislation whereby the taxable body—town, city, county or state—must, upon request of the owner, take over said property at said assessed value any time on proper notice. This is the only way to prevent unfair assessments although said assessments can be readjusted each year. Why more ambitious politicians have not tackled the problem of present ruinous assessments is beyond my understanding.

Fair assessments by themselves, however, may not be enough to equalize opportunities and protect those who are diligently using property to raise families or crops. I, therefore, forecast that the time may come when real estate can be purchased or sold only at the assessed values. This would prevent both unfair foreclosures by banks and greedy lenders, and it would enable young people to buy farms and other property at fair prices. Banks may at first object to this, but in the end it would protect their mortgages and enable buyers of property to more easily secure mortgage money.

"After-the-War" System

We hear much discussion regarding what is going to be put "behind the dollar" after the war. Some economists are urging a Commodity Dollar, the value to move up and down according to the cost of living; others recommend a Production Dollar based more upon the nation's improvements; while others present still different plans. I hope that the world will return to a reasonable gold standard—at least until we straighten out present economic problems.

Without advocating any special money theory, my guess is that the **ultimate** dollar will be based upon the soil. This does not mean based upon the number of acres which a nation has, but rather that it correlate with the productivity of these acres. This in turn will depend on the quality of the soil, natural resources, and upon the number of children, including their education and religion. This "Land Value Dollar" is probably a long way off; but my guess is that all countries must finally come to it.

"Land Value Dollar"

The first step toward a "Land Value Dollar" must be fair assessments and the willingness of the government to redeem its dollars in land values or issue dollars for land value. In other words, to make the dollar good and assure equal opportunities to young people, it may become necessary for everyone to be able to get land for their dollars or dollars for their land at a fair assessed value. This may be fifty or more years hence. Certainly, I am not arguing for it at the time; but to statisticians it seems inevitable some day. Some accompanying restrictions must then be provided to avoid bootlegging in land. Perhaps only a return to religion will do this.

People will not always stand for Capitalism as it now relates to land holdings. On the other hand, the Russian system where all land and improvements are owned by the State crushes private initiative. Fascism is an attempt at a happy medium whereby the land is owned privately but the government tells its people what to do with it, how to use it, when to sell it, etc. This fantastic Russian system will not work in the long run.

June Steel Payrolls Set Record For 30-Day Month

Steel industry payrolls during June were the highest for any 30-day month on record, totaling $136,217,000 for the month, according to a report released on August 5 by the American Iron and Steel Institute. In May, a longer month, steel payrolls amounted to $137,404,000 while in June a year ago $118,067,000 were distributed to steel company employees. The Institute's report further adds:

Employment in the industry again declined slightly during the month to a total of 631,000 as against 632,000 employees in May and 659,000 in June of last year.

Average hourly earnings of wage-earning employees amounted to 112.7 cents in the month of June, which compares with 113.4 cents per hour in May and 102.0 cents per hour in June 1942.

The average number of hours worked per week by all wage-earning employees, including those who may have been on the payrolls for only a day or so during the month, was 43.3 in June, compared with 41.9 hours per week in May and 38.7 hours per week in June a year ago.

Congress Will Not Reconvene For Action On Draft Of Fathers

The request of Senator Wheeler (Dem., Mont.) that Congress be reconvened before the end of the recess Sept. 14 in order to consider bills dealing with the drafting of fathers has been turned down by Senator Barkley (Dem., Ky.), majority leader, and by Speaker of the House Rayburn.

Senator Wheeler had asked that members of both houses be called back to Washington "to take up these bills to determine the policy of the nation on the subject."

Senator Barkley, in a telegram to Senator Wheeler on Aug. 11 said that "the recess will terminate two weeks prior to Oct. 1, the date on which the draft order under discussion is supposed to take effect, which will give Congress ample time to consider and dispose of any legislation on the subject if it desires to do so." Senator Barkley added that he had communicated with Representative McCormack (Dem., Mass.), House Majority Leader, and that Mr. McCormack concurs in Mr. Barkley's views.

Speaker Rayburn telegraphed on Aug. 12 that "as you know the House has already passed the Kilday Bill and from your telegram I understand that a Senate Committee has reported a bill for yourself.

"It would appear to me that if the Senate in its wisdom desires to pass either one of these bills it could be done between Sept. 14 and Oct. 1. Therefore I cannot see sufficient reason for calling 531 Senators and Representatives from their helpful visit among their home people back to Washington at this time."

Representative May (Dem., Ky.), Chairman of the House Military Affairs Committee, announced on Aug. 10 that he would introduce a bill as soon as Congress reconvenes to prohibit the drafting of all fathers and might even ask that fathers already in the Army be discharged.

The policy of the Selective Service Bureau of the War Manpower Commission on drafting of fathers was given in these columns on Aug. 12, page 610.

Sees Economic Gains In Post-War Period

Eric A. Johnston, President of the U. S. Chamber of Commerce, arrived in London on Aug. 12 to study closer post-war collaboration between Great Britain and the United States. Mr. Johnston predicted that the United States would embark on a period of widespread economic development after the war under a system of free enterprise, according to Associated Press London advices of Aug. 12. This account further stated:

He declared the standard of living would be even higher than in pre-war years.

Technological advices, development of synthetics, the demand for goods in a war ravaged world and the technical skill of American labor will combine to produce post-war prosperity, he told a press conference.

Mr. Johnson foresaw the gradual abandonment of many Government restrictions in peace years because Americans will weary of priorities and artificial controls.

He said the American people will want to maintain a strong Army and Navy and Air Force after the war for defense.

Asked by a Stars and Stripes Army reported where members of the armed forces would fit into post-war industry, Mr. Johnston replied that opportunities should be unlimited and that many should start their own businesses.

McNutt Declares Social Security System Has Proved Utility In Last Eight Years

On the eighth anniversary of the signing of the Social Security Act, Paul McNutt, Federal Security Administrator, said on Aug. 14 that "the program has proved its utility both in continuing and emergency circumstances."

"On the basis of eight years' experience, we should now prepare for post-war readjustments as well as for the permanent economic security of all the American people," he added.

Citing current reports made to him by the Social Security Board, which is a part of the Federal Security Agency, Administrator McNutt said that these programs have "brought us nearer the victory we all strive for on the home front—freedom from want."

He recalled it was also on an Aug. 14—in 1941—that President Roosevelt and Prime Minister Churchill announced the Atlantic Charter, the fifth plank of which calls for "collaboration between all nations in the economic field with the object of securing for all improved labor standards, economic advancement and social security."

As evidence that "social security now has an accepted place in our democratic system and has helped millions of Americans to build a substantial foundation for freedom from want," Mr. McNutt outlined progress under each of the major programs.

"More than 60,000,000 workers in industry and commerce have earned wage credits which count toward payments under the Federal old-age and survivors insurance program," he said. "Total payments amounted to $359,000,000 from 1937 to June 30 of this year, although only small lump-sum benefits were payable prior to 1940. Insurance benefits are based on the worker's own wages in jobs covered by the law and are related, therefore, to the contributions he and his employer have paid. The system is financially sound, is paying its way now and is building up reserves against the heavy drains of the future when millions of persons will be drawing regular monthly payments.

"Payments made to 686,346 beneficiaries totaled $13,600,000 dollars in June of this year. Beneficiaries include retired workers, their wives and young children, and the widows, children or aged parents of deceased workers. About 600,000 workers eligible for retirement benefits are still working, and thus have postponed drawing their benefits until later.

"To tide workers over periods of temporary unemployment, Federal-State unemployment insurance systems are now in operation in every State, the District of Columbia, Alaska, and Hawaii. Payments have radically declined since the peak month of June 1940, when more than 1,200,000 workers drew unemployment benefits totaling over $53,600,000. In contrast with these figures, a weekly average of only 100,000 workers received benefits in June of this year with payments totaling less than $6,000,000 for the month. Some 40,000,000 workers are now covered by unemployment insurance. More than $2,000,000,000 has been paid to unemployed workers June 30, although benefits were not payable in all States until 1939."

Mr. McNutt emphasized that old-age and survivors insurance and unemployment insurance protect workers who earn rights to benefits by employment in jobs covered by the systems. Benefit payments under both systems are considerably less than regular wages, he said, but they furnish a floor of security upon which workers can build through savings and private insurance to attain a more adequate standard of living.

The public assistance programs, the Administrator explained, supplement the social insurances by providing aid for the needy aged, the needy blind, and dependent children.

More than 2,000,000 needy old people are receiving cash payments through State public assistance programs under the Social Security Act, Mr. McNutt said. All States and Territories have old-age assistance programs, with the Federal Government paying approximately half the cost.

All but three jurisdictions—Alaska, Iowa, and Nevada—are receiving Federal funds to help pay the cost of assistance for a total of nearly 800,000 children, more than two and a half times as many as were cared for under the State Mothers' Aid Laws in effect in the spring of 1935.

Aid to needy blind people, with the Federal Government sharing the cost, is provided in all but 6 jurisdictions. About 54,000 persons are receiving this type of assistance under Federal-State programs.

Federal grants to States from February, 1936, through June of this year, for all three types of public assistance, amounted to nearly $2,000,000,000, Mr. McNutt said. Total payments of $4,100,000,000 for the same period, in States with plans approved by the Social Security Board, were as follows: $3,200,000,000 to the needy aged; $800,000,000 to dependent children, and $100,000,000 to the needy blind.

"Chief gaps and inequities in the present program are," Administrator McNutt said, "(1) lack of insurance protection against sickness and disability and against the cost of hospital care; (2) exclusion of some 20,000,000 persons from coverage under old-age and survivors insurance and unemployment insurance; (3) absence of a uniform unemployment compensation system in place of the present 51 separate systems with varying benefit rates, contribution rates, and size of reserves which result in disadvantages and inequities to both workers and employers; (4) lack of coverage of needy persons other than the aged, the blind, and dependent children under the assisance programs; and (5) variations in the amounts of assistance provided to individuals within a State and among the States."

N. Y. Bankers Ass'n Appoints Chairmen

Appointments to seven standing committees of the New York State Bankers Association were announced on Aug. 16 by E. Chester Gersten, President. Mr. Gersten is President of the Public National Bank and Trust Company, New York City. The Chairmen of the Committees follow:

Agriculture: Walter Wightman, Cashier, Bank of North Collins, North Collins.

Bank Management and Research: Stanley A. Neilson, President, Bank of Gowanda, Gowanda.

County Organization: Charles Hawkins, President, First National Bank, Spring Valley.

Convention: George Brooks, Vice President, National Bank and Trust Co., Norwich.

Legislation: Frederic E. Worden, President, National Bank of Auburn, Auburn.

Trust Functions: John W. Remington, Vice President and Trust Officer, Lincoln-Alliance Bank and Trust Co., Rochester.

Public Relations: Samuel F. Joor, Jr., Public Relations Department, First Trust and Deposit Co., Syracuse.

New Rules For Inducting Men Into Armed Forces Issued By WMC

Lists Critical Occupations And Non-Deferable Activites

A series of changes in the rules for inducting men into the armed forces under the Selective Service System was announced by the War Manpower Commission on Aug. 14, and at the same time action was taken to control the transfer of workers to war industry and hold necessary workers in war production. With respect to the establishment of new standards for permitting the transfer of civilian workers from job to job, the Commission said that these standards "are intended to stimulate transfer from less essential to more essential war jobs, and to reduce the unnecessary shifting of workers from job to job which has pyramided turnover and interfered with vital production in many plants."

Besides a new list of critical occupations "containing skills urgently needed in war industry and supporting civilian industry," a revised list of non-deferrable activities and occupations was announced; the extension of this list, said the advices from the Commission, "is intended (a) to encourage the transfer of fathers into jobs which will aid the war effort and (b) to insure that when fathers are drafted the fathers who contribute least to the war effort will be inducted first."

Chairman Paul V. McNutt outlined a three-point program planned:

(a) To hold essential workers on war-useful jobs if they are so employed now.

(b) To assure transfer of workers to jobs aiding in the war effort; and

(c) To supply men needed for the armed forces without cutting war production.

"We must increase war production and at the same time give our armed forces the men they need," Mr. McNutt said. He acted as the nation prepared to induct fathers. It was indicated that the new program will have a major effect in deciding which fathers and which workers will be inducted first.

It is made known that about 60,000 men of draft age in New York are engaged in the occupations which were classified as non-deferrable in the list released by Mr. McNutt, a statement to this effect being attributed to Mrs. Anna M. Rosenberg, regional director of the WMC at a press conference which she held jointly on Aug. 14 with Col. Arthur V. McDermott, New York City selective service director, at her New York offices. The New York "Herald Tribune" of Aug. 15 reporting this also said:

"Between 80,000 and 90,000 in New York State will be affected by the list, Mrs. Rosenberg said, explaining that the preponderance of residents of New York City was due to the character of New York business and industry. One of the largest single groups of non-deferrables will be composed of sales clerks in the New York stores, who are not affected by the earlier list released by Mr. McNutt.

"Urging that men in the non-deferrable occupations, regardless of whether they are fathers, apply as soon as possible to the local offices of the United States Employment Service for jobs in essential industries, Mrs. Rosenberg revealed that the New York offices of the USES have on hand more than 30,000 openings in essential industries for which no experience is required."

The War Manpower Commission made public as follows the steps which it is taking under the program announced by it on Aug. 14:

1. Establishment of a list of critical occupations covering skills urgently needed in the war effort. Workers possessing such skills must get into war industry or supporting civilian activities by October 1 or lose further claim to Selective Service occupational deferment. (Local Board Memorandum No. 115A.) In order to insure accurate channeling of workers with these critical skills to the most urgent war jobs, provision is made for their hiring only upon referral by or with consent of the U. S. Employment Service. (Regulation 7.)

2. Selective Service local boards were instructed to give greater consideration than ever before to occupational deferment. In determining the "replaceability" of a worker the boards are instructed to consider the actual and immediate effect of his induction on vital production. They are to take into account not merely the national shortage of his skill, but available replacements for even unskilled workers and current local shortages of skilled or unskilled labor. Closer collaboration is provided between the local Selective Service Boards and the offices of the U. S. Employment Service in making these determinations. (Local Board Memorandum No. 115.)

3. Establishment of new standards for permitting the transfer of civilian workers from job to job. These standards are based on experience under employment stabilization plans and will be written into all such plans by October 15. They are intended to stimulate transfer from less essential to more essential war jobs, and to reduce the unnecessary shifting of workers from job to job which has pyramided turnover and interfered with vital production in many plants. (Regulation 7.) At the same time broad powers to determine when a transfer is in the interest of the war effort are given to local and regional WMC offices. (Regulations 4 and 7.)

4. Extension of the list of non-deferrable activities and occupations, providing that all men of military age must transfer from such jobs or be placed first on the list for induction by local boards. This will insure that the first fathers to be drafted will be those who are contributing least to the war effort. (Local Board Memorandum 181.)

There are 149 occupations listed in the newly established critical list. On the revised non-deferrable list are 60 occupations and 58 activities.

Commenting on the steps which are being taken, Mr. McNutt said:

"The time has come when every worker must justify himself in terms of his contribution to the war effort. Under our Selective Service System fathers were deferred so that available single men would be taken first. Our instructions have always called and still call for single men not in essential jobs to be taken first. Fathers were not, however, given exemptions, and there is nothing in the Selective Service Act which assumes that they should be passed by at the expense of the war effort itself.

"America is the only nation in the world which has recognized the fact of fatherhood regardless of employment as a cause for deferment at any stage of military mobilization. Fatherhood does not excuse any man from making his contribution to victory.

"The drafting of fathers is not the only issue which we must face at this time. The necessary allocation of additional men with critical skills to war jobs and the failure of many thousands of men in critical labor shortage areas to transfer to war work have placed practical limits on our ability to fill military calls with safety to the war production program."

Commenting on the manner in which the program would be put into effect, Chairman McNutt said:

"Several points should be emphasized.

"First, the new critical list does not displace the existing essential lists of activities and occupations. The purpose of the new list is to search out particular skills and to see that they are so employed as to speed victory, whether their employment is in industry or the military services.

"Second, the non-deferrable list is a limited list. Read it carefully and, if your activity or occupation is not on it, it does not affect you. It represents types of employment which plainly are remote from the war effort and therefore cannot compete with the armed services or war production for necessary manpower.

"Third, the provisions governing the transfer of civilian workers as outlined in Regulation 7 are not greatly dissimilar to those applied in most local employment stabilization plans today. Moreover, they do not apply to any person until acted upon by the Area War Manpower Director and incorporated into the local stabilization plan. There is time for the local digestion of these provisions. Each individual should wait for the local announcements telling how these plans apply to him.

"Fourth, these actions are based upon the best practice of local boards and local employment stabilization agreements. They represent a codification of policies which it is known from experience will contribute most to maintaining maximum production and at the same time permit military calls to be filled on schedule.

"Fifth, it should be noted that between essential activities and non-deferrable activities are many activities which are not classified. Similarly, between the lists of critical and essential occupations and the non-deferrable occupations there are many occupations which have not been singled out either as directly supporting the war effort or as being non-deferrable. Thus, lawyers and bankers, taxi drivers, and many in other fields are not included in any of the lists. They are still subject to the rules as they apply in the ordinary change order of call."

List of Critical Occupations

The new list of critical occupations contains skills urgently needed in war industry and supporting civilian activity. Men with those skills who are not in essential industry at present should register with their local employment offices and make themselves available to take essential jobs. If they do not agree to transfer when called, they will be subject to reclassification so that they will be available to the military forces which also need skilled men.

Local offices of the U. S. Employment Service of War Manpower Commission have been ordered to certify workers possessing such skills to the Selective Service local boards "when they are found not properly employing their skills," which means not using them to aid the war effort. Selective Service local boards have been advised to give men with such skills special consideration with reference to deferment if they are in war-useful jobs.

All the occupations on the critical list are among the essential occupations listed by the War Manpower Commission. For inclusion on the list of critical occupations (a) the shortage of the skill must be so acute "as to impede or threaten to impede war production;" (b) the occupation must be one requiring lengthy training and considerable experience; (c) the occupation must be of such type that replacements cannot readily be made by upgrading; and (d) must be an occupation for which there is a definite need in industries in which current production schedules must be maintained or expanded for the successful prosecution of the war.

The list includes highly skilled production and services occupations; and professional and scientific occupations.

Persons qualified in these critical occupations if not engaged in essential activities will be asked by the U. S. Employment Service to fill needed jobs. They will be placed in such jobs and may be hired only "upon referral by or with the consent of the U. S. Employment Service."

The critical occupations will be included in area stabilization programs. War Manpower Commission officials emphasize that the announcement of the list of critical occupations does not modify or abrogate essential lists previously established.

Occupational Deferments

Under Local Board Memorandum No. 115 emphasis is placed upon the critical need for maintaining war production. Selective Service Boards are instructed to deal with occupational deferments with the greatest of care so as not to impair war production or vital civilian functions. Occupational deferment for necessary men has always been based on the judgment of the local Selective Service Boards, and will continue to be. But an additional yardstick was set up for measuring the "replaceability" of men in vital industry.

In judging replaceability, the boards are instructed to consider (a) the shortage of the registrant's skill in the total labor force; (b) the shortage of workers to replace the man even though he is an unskilled worker; (c) a shortage in the place of employment even when no national shortage exists.

Thus the boards will study the question of the actual immediate effect upon war production and essential supporting activity of workers who are subject to induction. Provision is made for close collaboration between the Selective Service Boards and the U. S. Employment Service offices for the exchange of manpower information. The responsibility of the Selective Service Board for filling military calls in such a way as to permit the maintenance of production was emphasized by General Hershey in his memorandum to the local boards.

Transfers in Civilian Jobs

In line with the War Manpower Commission policy of delegating as much authority as possible to regional and local officials, transfers from one job to another are regulated by local employment stabilization plans. (Regulation 4.) These plans have been established in every part of the country after consultation with local management and labor. Regulation No. 7 sets forth minimum standards to be incorporated in local employment stabilization plans, which will govern the transfer of workers. These standards are uniform in that they apply to all transfers, whether at a higher rate of pay, lower rate of pay, or at the same pay. "The measure of a transfer," Mr. McNutt pointed out, "is whether it serves the war effort."

Regulation No. 4, as originally issued on April 17, 1943, was promulgated to implement the President's "hold-the-line" Executive Order 9328. The nation-wide development of employment stabilization plans since the original issuance of Regulation No. 4 has now made it possible to provide uniform control over transfers of all types.

The minimum standards do not, however, become effective in any community until they have been acted upon locally by the WMC area director who must consult with his management-labor committee before making the required changes. Provision is made for their incorporation into existing employment stabilization plans by October 15. The standards were approved by the national Management-Labor Policy Committee and are minimums which leave broad scope for supplemental local action.

The standards under which transfers will be allowed and statements of availability issued by employers are as follows:

"(b) **Issuance of Statements of Availability by Employers:** An individual whose last employment is or was in an essential or locally needed activity shall receive a statement of availability from his employer if:

"(1) He has been discharged, or his employment has been otherwise terminated by his employer, or

"(2) He has been laid off for an indefinite period, or for a period of seven or more days, or

"(3) Continuance of his employment would involve undue personal hardship, or

"(4) Such employment is or was at a wage or salary or under working conditions below standards established by State or Federal law or regulation, or

"(5) Such employment is or was at a wage or salary below a level established or approved by the National War Labor Board (or other agency authorized to adjust wages or approve adjustments thereof) as warranting adjustment, and the employer has failed to adjust the wage in accordance with such level or to apply to the appropriate agency for such adjustment or approval thereof."

In a move designed to insure the accurate channeling of critical skills to the most urgent jobs the regulation provides that workers in the newly announced group of 149 critical occupations may not be hired merely on the presentation of a statement of availability. "Referral by" or the "consent of" the United States Employment Service is required to employ them.

In order to control migration United States Employment Service referral is necessary, also, in the case of workers who have not lived or worked in the locality during the preceding thirty-day period. "Workers who wish to leave a community to seek employment elsewhere should consult with their local employment office before leaving or they may find themselves ineligible for employment when they arrive in the new locality," Mr. McNutt said.

USES referral is necessary also in the case of a worker whose "last regular employment was in agriculture and he is to be hired for non-agricultural work."

In order to permit maximum adjustment to the needs of particular labor market areas a series of optional controls is outlined, permitting the extension of USES referral to new groups of occupations and activities. These afford an opportunity for flexibility and for meeting needs which may develop locally.

Non-Deferrable List

Extension of the non-deferrable list is intended (a) to encourage the transfer of fathers into jobs which will aid the war effort and (b) to insure that when fathers are drafted, the fathers who contribute least to the war effort will be inducted first.

This will serve to make more men currently available to war-useful activities and will enable the military calls to be filled with a minimum of disruption to production.

The new list also states that "the status of idleness is to be treated as a non-deferrable activity." The new list of non-defer-

(Continued on page 714)

New Rules For Inducting Men Into Armed Forces Issued By WMC

(Continued from page 713)

rable occupations and activities follows:

List of Critical Occupations

Part I—Production and Services Occupations:

Aircraft-Engine Mechanic, All Around; Aircraft-Engine Tester, All Around; Aircraft-Instrument Mechanic, Aircraft Mechanic, All Around; Airplane Navigator, Airplane Pilot, Commercial; Airship Mechanic, All Around; Ballistician, Bessemer Converter Blower, Blacksmith, All Around; Blast Furnace Blower, Blaster, Mining; Boatbuilder, Steel or Wood, All Around; Boilermaker, All Around; Boring-Mill Operator, All Around; Bricklayer, Refractory Brick; Cabinetmaker, All Around; Cable Splicer, Telephone, Telegraph or Submarine Cable; Cable Transmitter and Receiver, Cam-Lay-Out Man, Car Inspector, Railroad Transportation; Catalytic-Converter Engineer, Synthetic Rubber; Cementer, Oil Well; Chainmaker, All Around; Chamberman, Acid; Coke Burner, Computer, Electric, Seismic, or Gravity; Conductor, Railroad Transportation; Converter Operator, Nonferrous Smelting & Refining; Continuous-Still Engineer, Synthetic Rubber; Coppersmith, Marine, All Around; Coremaker, All Around; Cutting Machine Runner, Mining; Diamond Driller, Mining; Die Maker, All Around; Die Setter, Die Sinker, Diesel Mechanic, All Around; Dispatcher, Radio Communications, Telegraph, or Submarine Cable; Diver, Driller, Fine Diamond Dies; Driller, Oil Well, Cable or Rotary.

Electrical Tester, Power Equipment; Electrician, Installation and Maintenance, All Around; Electrician, Aircraft, Marine, Power House, or Submarine Cable, All Around; Engineer, Chief, First, Second, or Third Assistant, Ship; Engineer, Locomotive, Railroad Transportation; Engineer, Turbine or Diesel; Engineering Draftsman, Design; Finisher, Fine Diamond Dies; First Helper, Open Hearth or Electric Furnace; Flight Dispatcher.

Foreman. Included under this designation are only those individuals who are (1) utilizing in their supervisory jobs the knowledge and skills of one or more of the occupations included in the List of Critical Occupations, and (2) those who supervise directly or through subordinate foremen and supervisors production, technical, or scientific work in essential activities, although the occupations of the workers supervised may not be listed. The second category includes only individuals who must be in jobs requiring an extensive knowledge of the production, technical, or scientific work they are supervising, the exercise of independent judgment and responsibility for the products made or services rendered, and a training period of two or more years. In some plants, the supervisory personnel may be designated by other than supervisory titles, and where they meet the requirements outlined above they are included.

Form Builder, Aircraft; Glass Blower, Scientific Laboratory Apparatus; Heat Treater, All Around; Heater, Steel Mill, All Around; Hoisting Engineer, Mining.

Inspector. Included under this designation are only those workers who are qualified to perform in one or more of the critical occupations appearing in this list, and who utilize the knowledge and skill of such occupations in inspecting work in order to insure uniformity and accuracy of products or services.

Installer, Telephone or Telegraph Equipment.

Instructor. Included under this designation are only those workers who are qualified to perform in one or more of the critical occupations listed and because of their aptitutde and experience have been assigned as instructors in training programs either in plant or vocational.

Instrument Maker and Repairer, Electrical, Mechanical, or Scientific; Jewel Bearing Baker, All Around; Jointer, Submarine Cable; Lay-Out Man, Boilermaking, Foundry, Machinery, or Shipbuilding; Lead Burner, All Around; Lineman, Telephone, Telegraph, or Power, All Around; Load Dispatcher, Power or Gas; Locomotive Engine Repairman; Loftsman, Aircraft or Shipbuilding; Loom Fixer.

Machine Driller Mining; Machine Tool Set-Up Man, Machinist, All Around; Machinists, Marine, All Around; Mate, First, Second, or Third.

Mechanician, Communications Equipment. This title includes individuals who maintain and repair telephone and telegraph equipment and circuits; technical broadcast equipment; radio-telephone and radio-telegraph equipment; or submarine cable apparatus.

Miller, Grain products, All Around; Millwright.

Miner, Underground, All Around. Included under this title are only those individuals whose job assignment requires them to perform the duties involved in driving underground openings including drilling, blasting, timbering. Due to standardizations of mining methods these functions may be performed by separate individuals whose occupational titles also appear in this list because the jobs meet the criterion of critical occupations. Since the term "Miner" is generally used in the industry to identify underground workers, it should be clearly understood that it does not cover such workers as muckers, trammers, and helpers.

Molder, Bench or Floor, All Around; Model Maker, All Around; Observer, Seismic; Oil Well Gun Perforator, Oil Well Treater, Acidising; Optical Mechanic, All Around; Paper Making Machine Engineer; Patternmaker, Metal or Wood; Pipe Fitter, Marine; Powershovel Engineer, Mining; Precision Lens Grinder, All Around; Pulpit Operator, Steel Mill; Pumper, Refinery, in Charge; Purification Engineer, Synthetic Rubber; Radio Communications Technician, Radio Telegrapher, Radiophoto Technician, Reactor Engineer, Synthetic Rubber; Receiver Tester, Radio or Radar; Refrigerator Equipment Repairman, Gas or Electric, All Around; Refrigerator Engineer, Sheetmetal Worker, Marine, All Around; Shipfitter, All Around; Shipwright, All Around; Ship Rigger, All Around; Ship Captain, Ship Pilot, Signal Maintainer, Still Operator, Chemical, All Around; Stillman, Petroleum Processing; Supervisor, see Foreman; Switchboard Operator, Power; Tanner, All Around; Testing and Regulating Technician, Telephone or Telegraph; Timberman, Mining, All Around; Tool Designer, Tool Maker, Train Dispatcher, Transmission Engineer, Tugboat Captain, Tugboat Engineer, Wood Seasoner Kiln; X-Ray Equipment Serviceman.

Part II—Professional and Scientific Occupations:

The titles appearing in this critical list of Professional, Technical, and Scientific Occupations are also intended to cover those persons who are engaged in full-time teaching of these professions. In addition, these titles are also intended to cover persons engaged in full-time inspecting duties which require the utilization of the knowledge of the critical occupations.

Accountant. Included under this title are Certified Public Accountants and those who have comparable training, experience, or responsibilities.

Agronomist, Anatomist, Architect, Naval; Astronomer, Bacteriologist, Chemist.

Engineer, Professional or Technical. This title covers persons who are actually engaged as engineers in the operating, research, or teaching phases of these professions, who are qualified either by having met the educational requirements or because of long experience. In addition, this title is intended to include those individuals who may specialize in certain phases of the professions listed, below, such as Mechanical Engineers who specialize in the automotive, heating, or refrigerating engineering field but whose special designations have not been mentioned: Aeronautical, Agricultural, Ceramic, Chemical, Civil, Communications, Electrical, Marine, Mechanical, Metallurgical, Mining, Petroleum, Radio, Safety.

Entomologist, Forester, Geologist, Geophysicist, Horticulturist, Mathematician (including Cryptanalyst), Metallurgist, Meteorologist, Nematologist, Oceanographer, Parasitologist, Pathologist, Medical; Pharmacologist, Physicist, Physiologist, Medical; Plant Physiologist or Pathologist, Seismologist.

List of Nondeferrable Activities and Occupations

All occupations in the following activities are nondeferrable:

Manufacturing of the following products: Alcoholic beverages; amusement machines and equipment, such as juke boxes, slot machines, games of chance, and pinball machines (does not include athletic and sport equipment); art goods—stamped and otherwise, artists' materials, decorative materials; book gilding, bronzing and edging; costume jewelry; costumes: lodge, masquerade, theatrical, academic caps and gowns; curtains, draperies, and bedspreads; cut, beveled and edged glass; cutware; decorative feathers, plumes, and artificial flowers; fancy fabrics such as brocades, chiffons, damasks, laces and lace goods, velvet, etc.; frames, mirror and picture; furniture: garden, beach, porch, toy; games and toys; greeting, souvenir, visiting, and picture post-cards; jewelers' fixings and materials; jewelry, jewelry cases, lapidary work (non-industrial); merchandising display equipment such as cabinets and showcases (excluding refrigerated display equipment); mosaic glass musical instruments, except for the armed forces; novelties, manufactured from materials of any kind, such as fancy boxes and containers, souvenirs, figures, models, carvings, ornamental shoe buckles, albums, costume novelties, etc.; ornamental gold and silver leaf and foil (non-industrial); pleating, stitching, tucking, and embroidery; signs and advertising displays; silverware and plated ware (non-industrial); smoking accessories, such as cigarette and cigar holders, boxes, cases, lighters, smoking stands and tobacco jars; soft drinks; stained, leaded, ornamented, and decorative glass; trimming and art needlework.

Services: Amusement arcades, amusement ticket agencies, automobile-rental service clubs: social, fraternal, business, and political; dance, music, theatrical and art studios and schools; gambling, interior decorating, night clubs, parking lots, photographic studios, pool and billiard halls, race tracks and courses, travel agencies, Turkish baths, massage parlors, clothing rental, porter service, and social-escort services.

Wholesale and retail trade: Antiques, artists' supplies, beer, wines and liquors, candy, confectionery and nuts, custom furriers, florists, games and toys, jewelry, musical instruments, novelties, pet shops, soft drinks, tobacco.

All the following occupations are nondeferrable regardless of the activity in which they may be found: advance-advertisement agent, amusement-device operator, bar boy, bar cashier, barker, Bartender, Bath-house attendant, Beauty operator, Bellboy, Billposter, Book and periodical agent, Booking agent, Bootblack, Bus boy, Butler, Caller, Station; Canvasser, Car hop, curb services; Car polisher, Car washer, Caterer, Social; Charman and cleaner, Cosmetician, Custom furrier, Dancing teacher, Desk clerk: Hotel, apartment, club, etc.; Dishwasher, Doorman and starter.

Elevator operator (passenger and freight—excluding industrial freight elevators used in connection with warehousing and production); Elevator starter (passenger and freight); Errand boy (including messenger and office boy); Floorwalker, Fortuneteller, (including astrologer, clairvoyant, medium, mind reader, palmist, etc.); Gardener, Greenskeeper, Groundkeeper, Guide, sightseeing; Guide, hunting and fishing; Hair dresser, Houseman, Lavatory attendant, Literary and actor agent, Managing agent (theatrical and film); Marker (in wholesale and retail trade); Model, Newsboy, Night club manager and employees, Porter (other than in railroad-train service); Private chauffeur, Receptionist, Sales clerk, Sign painter, Sign writer, Soda dispenser, Taxidermist, Ticket taker, Usher, Valet, Waiter (other than in railroad-train service); Window trimmer and display man.

In addition to the activities and occupations set forth above, the status of idleness is to be treated as a nondeferrable activity.

Progress Of Anti U-Boat War Cited By Roosevelt, Churchill In Joint Statements

Ninety U-Boats Sunk In Three Months

In a joint statement bearing on the progress of the anti U-boat war, issued at Washington Aug. 14, President Roosevelt and Prime Minister Winston Churchill of Great Britain stated that "very poor results were obtained (during July) by the U-boats from their widespread effort against the shipping of the Allies." "In fact," said the statement, "July is probably our most successful month because the imports have been high, shipping losses moderate, and U-boat sinkings heavy." The statement, signed by the President and Mr. Churchill, who arrived in Canada on Aug. 10 and who has since spent several days in the United States, returning to Quebec on Aug. 15, was made available at the White House as follows:

"The President of the United States and the Prime Minister of Great Britain, after consultation with the British Admiralty, the United States Navy Department and the Canadian Department of National Defense for Naval Services, have issued the following monthly statement on the progress of the anti-U-boat war:

"During the month of July very poor results were obtained by the U-boats from their widespread effort against the shipping of the Allies. The steady flow of transatlantic supplies on the greatest scale has continued unmolested, and such sinkings as have taken place in distant areas have had but an insignificant effect on the conduct of the war by the Allies. In fact, July is probably our most successful month, because the imports have been high, shipping losses moderate and U-boat sinkings heavy.

"Before the descent upon Sicily an armada of warships, troop transports, supply ships and landing craft proceeded through Atlantic and Mediterranean waters with scarcely any interference from U-boats. Large reinforcements have also been landed in that island. Over 2,500 vessels were involved in these operations and the losses are only about 80,000 tons. On the other hand the U-boats which attempted to interfere with these operations suffered severe losses.

"Our offensive operations against Axis submarines continue to progress most favorably in all areas, and during May, June and July we have sunk at sea a total of over 90 U-boats, which represents an average loss of nearly one U-boat a day over the period.

"The decline in the effectiveness of the U-boats is illustrated by the following figures:

"In the first six months of 1943 the number of ships sunk per U-boat operating was only half that in the last six months of 1942 and only a quarter that in the first half of 1942.

"The tonnage of shipping in the service of the United Nations continues to show a considerable net increase. During 1943 new ships completed by the Allies exceed all sinkings from all causes by upward of 3,000,000 tons.

"In spite of this very favorable progress in the battle against the U-boat, it must be remembered that the enemy still have large U-boat reserves, completed and under construction. It is necessary, therefore, to prepare for intensification of the battle both at sea and in the shipyards and to use our shipping with utmost economy to strengthen and speed the general offensive of the United Nations. But we can expect continued success only if we do not relax our efforts in any way.

"ROOSEVELT,
"CHURCHILL."

It was observed in Associated Press advices from Washington Aug. 14 that the joint statement by President Roosevelt and Prime Minister Churchill on anti-submarine activities was signed simply: "Roosevelt, Churchill."

The advices from which we quote further observes this usage departed from prior custom. For example, the joint statement signed by them two years ago today announcing the 8-point Atlantic Charter was signed with the full names "Franklin D. Roosevelt" and "Winston S. Churchill."

Govt. Spent For War $6.746 Billion In July

Expenditures for war purposes by the United States Government amounted to $6,746,000,000 during the month of July, a decrease of $942,000,000 from expenditures in June, or 12%, according to advices from the War Production Board, Aug. 13, which added:

"This is the first time since February of this year that monthly war expenditures have decreased from the previous month.

"The average daily rate of war expenditures in July amounted to $249,900,000 compared to a daily rate of $295,700,000 in June, a decrease of 15%. The daily rate is based on the 27 days in July and the 26 days in June upon which checks were cleared by the Treasury. This is the first decrease in the average daily rate since December of 1942 and the lowest daily rate since January of this year.

"From July 1, 1940, through July 31, 1943, the United States Government expended $116,800,000,000 for war purposes.

"These figures include checks cleared by the Treasury and payable from war appropriations and net outlays of the Reconstruction Finance Corporation and its subsidiaries.

Reduction In Living Costs Promised By Byrnes; Declares Wages And Prices Must Be Held

(Continued from first page)

retary Ickes, in accordance with the law, applied to the War Labor Board for authority to change from a 7-hour day to an 8-hour day, so as to permit a 48-hour week. Today the Board issued an order permitting an 8-hour day in conjunction with a 48-hour week at mines designated by Secretary Ickes. The order has been formally approved by the President."

Mr. Byrnes also dealt with the need for the draining off by taxation, or freezing by enforced taxation of "spending money which," he said, "is flooding our markets," essaying that too much time has been spent in arguing how much of past taxes should be forgiven, "instead of getting down to the grim business of imposing the higher taxes which total war requires." From his remarks we quote:

"Work as hard as we may, we will not preserve a stable economy if we do not have the courage to control the surplus of spending money which is flooding our markets. While a sizable minority of our people have less purchasing power than before the war, rising prices and rising wages have given the majority of our people a vastly greater purchasing power than they have ever before enjoyed and at a time when we have not the man power to produce the goods which they would like to buy.

"Allowing for the present higher taxes and for normal savings, our people have nearly 20 billion more to spend a year for goods and services than there are goods and services available for them to buy. It is hard to control prices, enforce rationing and to stamp out black markets when people have so much surplus spending money.

"For our own protection we must drain off by taxation or freeze by enforced savings that excess purchasing power. If we do not, we will probably try to outbid one another to get the goods and services we want. If that happens we will not get more but we will pay more, and we will find that the money we have put into insurance policies and into savings accounts is worthless and the dollars we have earned will buy less.

"We have spent too much time arguing how much of our past taxes should be forgiven in order to get on a pay-as-you-go basis, instead of getting down to the grim business of imposing the higher taxes which total war requires. We cannot ask our soldiers to do our fighting and also to pay our taxes when they return from the battlefields. War taxation should not become a pawn in a political game. It is a stern duty to be met by every citizen in accordance with his capacity to pay."

In the early portion of his address, Mr. Byrnes said:

"There is nothing to justify the hope of unconditional surrender by the Axis powers in the near future. It is by no means clear that we are today as near winning the war as the Axis was in the summer of 1940. No full-scale offensive against Japan has yet commenced. The heroes of Bataan are still prisoners of the Japs. No Allied army has crossed the borders of Germany. Before that is done thousands of American soldiers will make the supreme sacrifice. The roads to Berlin and Tokio are still long, hard and bloody.

"Our overconfidence is based in a great measure upon the belief that the Italians no longer possess the will to fight. That cannot be said of either the Germans or the Japanese. And as the Nazis and Japs read of our reduced production and our absenteeism they may think that the American people no longer have the will to make war. We must realize that the war will be won by those who win the last battle. And the last battle has not been fought.

"We have every reason for confidence in an ultimate overwhelming victory over both Germany and Japan, but I am authorized by the President to say that in his judgment as of today the major battles lie ahead of us, not behind us."

From Washington

(Continued from first page)

their good faith were sinking a couple of battleships apiece. A year or so later an enterprising reporter dug up the fact that it was blue prints that were destroyed. But there can be no gainsaying the fact that this was all showing a "concern" in world affairs.

History will show that Mr. Roosevelt showed less "concern" in world affairs than any of his three predecessors up until the time his domestic program went clean to pot; that is to say, when a second depression or the "recession" as it was called, came out of his spending and then Congress turned thumbs down on further spending. Cordell Hull used to complain bitterly about his chief's lack of concern in international affairs and when he began to show a "concern" his New Deal lieutenants hit the ceiling.

But he was showing an increasing "concern" as his third term got underway, notwithstanding, he would not come out for the draft until Willkie did, and the propaganda worked up about that "concern" reelected him and is now being used effectively to elect him again.

So, we say that those who have fallen for the propaganda, those Republicans who have become a party to it by apologizing for their party and insisting upon its reforming and nominating a man who has made a couple of trips to Europe, had better turn outright to Mr. Roosevelt because their Republican candidate, Mr. Willkie, will not be able to show the "concern" in world affairs which they expect. We can't imagine just what "concern" it is they expect, but we are convinced Mr. Willkie is not their man.

We have no doubt that if elected he would always be trying to do something by way of showing his international mind and expressing his concern. But it so happens that in this respect he would turn out to be the most negative world affair concerner we ever had in the White House. It is not generally thought of, but the fact is that regardless of who wins the Presidency in 1944, the Senate remains Democratic and this means the Southern Democrats will remain in control. Well, those gentlemen are now world affair concerners, but they are also politicians. Let a "Wall Street" Republican get in the White House and start any world shenanigans. What those Southern Democrats with their gift of demagogic harangue would do to him would be nobody's business. In addition, he would have about half of the Senate Republicans against him. When a Democratic President shows "concern" in world affairs, in the eyes of the Southern Democrats, it's the people's concern. If a Republican should try it to the extent that Wilson and Roosevelt did, you can rest assured, it would be some of Wall Street's devilishness.

And as we said before, there is a serious question whether the world concerners aren't in for unhappiness even under Mr. Roosevelt. With the war not yet over he is running into the stormy weather both at home and abroad which shattered Wilson's dream, and it appears not to be a circumstance of what is to come.

President Assures Philippines Of Independence After Defeat Of Japan

President Roosevelt reiterated on Aug. 12 his promise to the people of the Philippine Island that their Republic "will be established the moment the power of our Japanese enemies is destroyed" and said they "will soon be redeemed from the Japanese yoke."

In a radio broadcast marking the 45th anniversary of American occupation of the islands, the President pledged a fight of ever-increasing strength until the Philippines are free, adding that Japan's taste of defeat in the islands of the Southwest Pacific is "only the beginning."

Mr. Roosevelt called on the Filipino people "to stand firm against the false promises of the Japanese."

The text of the President's speech follows, according to the Associated Press:

"To the people of the Philippines:

"On Dec. 28, 1941, three weeks after the armies of the Japanese launched their attack on Philippine soil, I sent a proclamation to you, the gallant people of the Philippines, I said then:

" 'I give to the people of the Philippines my solemn pledge that their freedom will be redeemed and their independence established and protected. The entire resources in men and materials of the United States stand behind that pledge.'

"We shall keep this promise, just as we have kept every promise which America has made to the Filipino people.

"The story of the fighting on Bataan and Corregidor—and, indeed, everywhere in the Philippines—will be remembered so long as men continue to respect bravery, and devotion, and determination. When the Filipino people resisted the Japanese invaders with their very lives, they gave final proof that here was a nation fit to be respected as the equal to any on earth, not in size or wealth, but in the stout heart and national dignity which are the true measures of a people.

"That is why the United States, in practice, regards your lawful government as having the same status as the governments of other independent nations. That is why I have looked upon President Quezon and Vice President Osmena, not only as old friends, but also as trusted collaborators in our united task of destroying our common enemies in the east as well as in the west.

"The Philippine government is a signatory of the declaration by the United Nations, along with thirty-one other nations. President Quezon and Vice President Osmena attend the meetings of the Pacific War Council, where the war in the Pacific is charted and planned. Your government has participated fully and equally in the United Nations Conference on Food and Agriculture, and a Philippine representative is a member of the interim commission created by that conference. And, of course, the Philippine government will have its rightful place in the conference which will follow the defeat of Japan.

"These are the attributes of complete and respected nationhood for the Philippines, not a promise but a fact.

"As President Quezon himself has told you, 'the only thing lacking is the formal establishment of the Philippine Republic.' These words of your President were uttered to you with my prior knowledge and approval. I now repeat them to you myself. I give the Filipino people my word that the Republic of the Philippines will be established the moment the power of our Japanese enemies is destroyed. The Congress of the United States has acted to set up the independence of the Philippines. The time will come quickly when that goes into full effect. You will soon be redeemed from the Japanese yoke and you will be assisted in the full repair of the ravages caused by the war.

"We shall fight with ever increasing strength and vigor until that end is achieved. Already Japan is tasting defeat in the islands of the southwest Pacific. But that is only the beginning.

"I call upon you, the heroic people of the Philippines, to stand firm in your faith—to stand firm against the false promises of the Japanese, just as your fighting men and our fighting men stood firm together against their barbaric attacks.

"The great day of your liberation will come, as surely as there is a God in heaven.

"The United States and the Philippines have learned the principles of honest co-operation, of mutual respect, in peace and in war.

"For those principles we have fought—and by those principles we shall live."

The News Behind The News

(Continued from first page)

have promised to blow up the tunnels at the first move.

The Balkans, weakened by withdrawals of the Italian garrisons, shortly will become subject to feasible dual-invasion. Our troops can land in Albania faced only by Italians. If such an attack is accompanied by a simultaneous declaration of war by Turkey and an invasion of Salonika from the east, all Greece can be cut from Nazi communications without the hazards of a frontal assault through Crete.

The German homeland itself is becoming practically defenseless from the air. The futility of her efforts was shown by the British attacks Wednesday on Nuremberg and Mannheim.

For four or five days previously, our air forces had been relatively quiet, obviously cooking up a heavy new campaign. (We generally lay off a week between bombing campaigns.) During this inactivity we circulated rumors that Berlin was about to be attacked, causing the Germans to call in their planes and anti-aircraft for defense of their capital. To do this, they had to uncover most of the rest of the country, including Nuremberg and Mannheim. They cannot defend everything, therefore they cannot defend anything.

Their defense in Russia is likewise weakening. Their communiques feebly claim their current withdrawals are voluntary. But they cannot conceal the fact that they fought their best possible battle for the defense of Orel, and upon losing it, had to retire.

At Belgorod, they put up less of a fight. But you may be sure the Germans are not now yielding a foot of Russian territory voluntarily. Everything they held was vital militarily.

Nazi loss of Kharkov will lengthen this road behind the whole Russian front. Loss of Bryansk will be equally disastrous from a Nazi military standpoint, as it was a strongly defended rail junction.

Yet the greatest German defeat of this war has not been adequately reported or popularly understood. Hitler apparently placed great hopes—far more than we knew at the time—upon unrestricted submarine warfare. Like the Kaiser, he staked all on stopping the flow of our munitions and men to the battle fronts of North Africa, Russia and Britain.

Urges U. S. To Abandon Full Surrender Demand

An appeal to President Roosevelt to abandon the principle of unconditional surrender because it is an "expression of the spirit of vengeance" was made on Aug. 9 by Emin Walman, editor of the pro-Allied newspaper "Vatan" and one of five Turkish newspaper editors who toured the United States last year.

A United Press dispatch from Istanbul, Aug. 9, said:

In an open letter to the President, Yalman, who said he is a great admirer of Mr. Roosevelt, whom he met on his visit to Washington, said the world after the war should be governed by reason and not by vengeance.

"You are victorious. Therefore it is very difficult for you to understand the state of mind of the vanquished," Yalman wrote. "On the other hand, we Turks, who were in the camp of the vanquished after the last war, have only to remember to understand. . . . that the principle of unconditional surrender is not propitious for the creation of a new world. . . . It's for you to decide whether, for the first time in history, we are to abandon the way of evil and find the way of reason."

Business Failures In July Again Lower

July business failures are lower, in both number and the amount of liabilities involved, than in June, 1943, and July, 1942. Business insolvencies in July, according to Dun & Bradstreet, Inc., totaled 203 and involved $3,595,000 liabilities, as compared with 265 involving $6,076,000 in June, 1943, and with 764 involving $8,548,000 in July, 1942.

The decrease in the number of failures in July from June took place in all the groups into which the report is divided with the exceptions of the manufacturing and wholesale groups. When the amount of liabilities involved is considered only the retail and commercial service groups recorded smaller totals.

Manufacturing failures last month amounted to 43, involving $2,017,000 liabilities, compared with 39 in June with $1,441,000 liabilities. Wholesale failures increased to 19 from 15 and liabilities involved from $124,000 to $202,000 in June. In the retail trade section insolvencies declined to 98 from 147 in June and liabilities also fell from $2,334,000 in June to $429,000 in July. Construction failures numbered 23 with $647,000 liabilities compared with 33 with $577,000 liabilities in June. Commercial service failures dropped to 20 in July from 31 in June and liabilities involved from $1,600,000 in June to $300,000 in July.

When the country is divided into Federal Reserve districts it is seen that the Cleveland, Atlanta, St. Louis and Minneapolis Reserve districts had more failures and the Boston Reserve district the same number, while all the remaining districts had fewer failures in July than in June. When the amount of liabilities is considered all districts, except the Boston, Cleveland, Atlanta and Minneapolis Reserve districts, had smaller amount of liabilities involved in July than in June.

Agricultural Department General Crop Report As Of August 1, 1943

Crop prospects improved about 3% during July chiefly because of the exceptionally favorable start given to the cotton crop, the rapid growth of the late-planted corn in northern States and a continuation of favorable conditions in the Wheat Belt from Nebraska northward said the U. S. Crop Reporting Board on the basis of August 1 conditions.

With only light abandonment in prospect the acreage of crops harvested will probably be larger than in other years since 1932, and with yields per acre as high as now indicated the volume of crop production would be nearly 18% above the 1923-32 or predrought average. Last year, due chiefly to exceptionally favorable weather, aggregate crop production was 25% above predrought average but in the previous five seasons production ranged from 103 to a little over 112%. Conditions on the first of August were therefore for aggregate crop production about 6% lower than last year but 5% higher than in any previous year. Further improvement in prospects appear to have occurred during the first week of August.

The forecast for corn is 2,875,000,000 bushels which is 168,000,000 above expectations a month ago and indicates prospects for the second-largest corn crop in 10 years. The forecast for wheat is 835,000,000 bushels, which is 6% above expectations a month ago and indicates that a fairly large wheat crop is being produced on an unusually small acreage. Prospects for flaxseed, peas, potatoes, beans, sugar beets, pears, grapes and tobacco improved during July but prospects for oats, barley, rye, hay, sweet potatoes, sugarcane and peaches declined from 1 to 5%. Many sharp local changes took place, for temperatures were above normal in nearly all States and growth was rapid when rainfall was adequate and deterioration was even more rapid in areas that were dry. Prospects declined seriously in an area which covered most of Arkansas and Oklahoma and extended into adjoining States. Another dry area centered in Maryland and there were extensive areas in need of rain in the central and southern parts of the Great Plains. July rains were also lighter than usual in most areas west of the Rockies.

While few important crops except cotton are expected to show yields per acre equal to the very high yields obtained last year, few crops seem likely to show yields as low as the average during the previous ten years. The chief exceptions are rice and peanuts, which have been planted on greatly increased acreages, and some fruits and vegetables which were damaged by the late frosts last spring.

On the whole the crop situation seems materially better than it was a month ago. The danger that the large acreage of late planted corn will fail to mature before frost has been materially relieved. The danger of loss from drought is still to be considered but most parts of the Corn Belt have adequate moisture for the present. Farmers now have increased assurances of a full crop and are in better position to market some of the grain on hand. There has been an extensive shift from sorghum for forage to kinds that can be harvested for grain and a large crop is to be expected in the Southwest if rains come in time. Oats and barley suffered from hot weather during July and yields were far below expectations in eastern Corn Belt States, but good yields are still expected from Iowa and Nebraska northward. The combined production of the four feed grains is now expected to total more than 111 million tons, a total which has been exceeded only twice but which would be 10% below production last year.

As the number of units of livestock and poultry to be fed is about 10% above the number a year ago, farmers will be compelled to make some adjustments, presumably including closer utilization of feed reserves on hand, small adjustments in feeding rates, marketing hogs at more nearly usual weights, and possibly some adjustments in numbers of hogs and poultry in feed deficit areas.

Allowing for cuttings still to be made, the hay crop should be 99,000,000 tons. This would be above the production in any season prior to last year and would provide about a normal supply per unit for the increased number of livestock on hand. Pastures are not as good as at this time last year and not quite as good as in 1938, but they have held up better than in other recent years. Western ranges are in about average condition for this season of the year.

Aggregate production of major fruits other than citrus is expected to be about 17% smaller than in 1942 and 12% below the 10-year (1932-41) average production. Citrus crops from the bloom of 1943 are making good progress and barring damage from unusual weather conditions the combined production of oranges, grapefruit and lemons should be close to the large production during the 1942-43 season and much above the production levels of a few years ago. Present conditions point to a total supply of all fruits (including citrus) for the 1943-44 marketing season about 11% smaller than in 1942-43 but 7% larger than the 10-year average. Production of tree nuts (walnuts, pecans, almonds, and filberts) in 1943 is indicated to be 8% more than in 1942 and 19% larger than average.

Commercial Truck Crops

Commercial truck crops continued to make good progress in sections during the last half of July, but temperatures were above normal and as the month closed lack of moisture was becoming serious in some areas, particularly in the Middle Atlantic States. The estimated production of commercial truck crops in areas from which most of the fresh market supplies will come during the next few weeks is 5% less than in 1942 but 3% above the 1932-41 average. Compared with a year ago, substantial to moderate increases are indicated for carrots, beets, tomatoes, snap beans, cabbage, eggplant, and green peas, but there will be much lighter supplies of cantaloups, celery, watermelons, and cucumbers, with moderate reductions in spinach, cauliflower, lettuce, onions, lima beans, sweet corn, and green peppers.

August 1 indications point to a total tonnage of truck crops for processing in 1943 not greatly different from that of 1942. Three of the four principal processing crops show indicated production above that of 1942—snap beans, 11%; green peas, 7%; and sweet corn, 4% greater. Production of tomatoes for processing is expected to be about 2% below that of last year. Of the less important crops an increase is indicated for beets and no change for spinach, with smaller crops of cabbage for kraut, cucumbers for pickles, lima beans, and pimientos in prospect.

Milk production has been holding close to production at this same time last year. The lower condition of pastures, the tighter feed situation and the hot weather have tended to reduce production per cow but the recent survey of numbers, made with the cooperation of rural carriers, indicated that there are about 2½% more milk cows on the farms. The number of heifer calves being raised for milk cows is also unusually large, apparently 8 or 9% above the large number on hand a year ago.

July egg production was at peak levels in all parts of the country except in the West where it was the largest since 1931. The rate of egg production per layer during July was 13.7 eggs, compared with 13.9 last year, but with 12% more layers on farms total egg production on farms was 11% higher than in July last year.

Corn

August 1 prospects point to a production of 2,874,711,000 bushels, a gain of 168 million bushels over the July 1 forecast. A crop this size would fall short of the record 1942 crop of 3,175,154,000 bushels by 300 million bushels but would be larger than any other crop produced since 1932. It would be 525 million bushels, or 22% above the 10-year (1932-41) average of 2,349,267,000 bushels. This average, however, includes the two drought years, 1934 and 1936, when production was only 1,448,920,000 bushels and 1,505,689,000 bushels, respectively. The indicated yield per acre on Aug. 1 is 30.5 bushels, compared with 35.5 bushels in 1942 and 24.9 bushels, the 10-year (1932-41) average.

Above normal July temperatures were favorable for the development of the corp crop except in the South Central States and in a few scattered areas, where lack of rainfall together with high temperatures caused moderate to serious deterioration. By Aug. 1, however, corn was still somewhat behind schedule owing to a material delay in planting and a slow early season growth. Although the crop is promising, the stage of growth is unusually varied for this date. In many important corn growing sections, moisture reserves in corn fields were depleted as a result of below normal July precipitation and by Aug. 1 many sections of the nation were in need of rain. Since Aug. 1, beneficial rains have brought temporary relief in many areas although the extreme western part of the Corn Belt and parts of the South Central States are in need of moisture to check further deterioration. In general, corn will need generous rains, and a late killing frost date to insure a mature corn crop of good quality. Some damage from corn borer is evident in Eastern States and as far west as eastern Iowa.

In the Corn Belt States, yield prospects were much improved over those of July 1 although the crop is somewhat spotted. Progress during July was good but not sufficient to fully offset early setbacks caused by late plantings, excessive rains and floods. Corn showed marked improvement in the southern parts of Ohio and Indiana, but made only poor to fair progress in the northern third of these two States, particularly in northwestern Ohio, where too much rain has been detrimental. Progress was slow in Michigan, and the Illinois crop, varying widely in development but of generally good color, heavily taxed soil moisture reserves during July to register a 2-bushel improvement in yield per acre. In Iowa, corn showed a gain of 6 bushels in yield per acre over July 1. The crop made rapid development during the month and was almost on schedule, with late corn making exceptionally good gains. In Wisconsin, southern Minnesota, eastern Nebraska and South Dakota, and central Kansas, corn is in good to excellent condition and progress has been very satisfactory. In the more western parts of the latter three States, hot dry July weather cut prospects and some corn is firing. Some improvement was registered in northern Missouri, while in the southern part the crop was injured by drought and high temperatures, but good rains since Aug. 1 have brought relief there.

July weather was generally favorable for corn in the North Atlantic States and the crop made good growth. Yield prospects are higher than a month ago but production is the smallest since 1940. For the South Atlantic States, prospects are better than a month ago and for the largest crop since 1940. Corn is suffering from drought in northern Virginia and in Maryland, but in most other states of this region yields are higher than a month ago and better than average.

In the South Central States, August prospects were sharply lower than a month ago with declines in yield per acre ranging from .5 to as much as 5.0 bushels. Prospects are for the smallest crop since 1939 in these States. In an area centering in Arkansas and Oklahoma, and extending into surrounding States, corn suffered severe damage from high temperatures and drought. In Texas and Oklahoma, early planted corn escaped the heat and yields are promising, but late corn was badly injured. Rains since Aug. 1 have brought relief to parts of Texas and Oklahoma.

In the Western States, warmer weather was favorable for corn. Irrigated corn is in good condition but most corn is late and in danger of frost. There was a general need for rains in areas east of the Rockies, particularly in New Mexico.

All Wheat

Both winter and spring wheat improved during July and the 1943 wheat crop is now indicated at 834,984,000 bushels compared with 790,823,000 bushels a month earlier. Last year, 981,327,000 bushels were produced and the 10-year (1932-41) average production is 738,412,000 bushels. The expected yield per acre for 1943 of 16.7 bushels is 3.1 bushels below the relatively high yield of 19.8 bushels in 1942 but well above the 10-year average of 13.5 bushels.

Winter Wheat

The Aug. 1 indicated winter wheat production of 533,857,000 bushels is about 2.8% higher than the July 1 estimate of 519,190,000 bushels and compares with 703,253,000 bushels produced in 1942 and the 10-year average production of 550,181,000 bushels.

The smaller production than last year is owing to the somewhat smaller acreage for harvest and to yield per acre less favorable than the record high of 1942. The indicated yield of the 1943 crop of 15.8 bushels compared with 19.7 bushels in 1942 and the 10-year average of 14.3 bushels.

July weather was generally favorable for maturing and harvesting the crop and for combine threshing in the dryland western areas. Wet weather, however, delayed harvesting operations in some eastern Corn Belt States.

Yields reported at harvest were in line with the July 1 prospects in southern Great Plains States. They were higher as a rule in the Pacific northwest and Mountain States, and were more spotted than expected and in some cases disappointing in the eastern Corn Belt States.

Spring Wheat

The 17.4% increase in all spring wheat plantings in 1943 laid the basis for offsetting much of the decrease in winter wheat production compared with 1942. The Aug. 1 indicated yield per acre of all spring wheat of 18.8 bushels now promises a total spring wheat crop of 301,037,000 bushels compared with 278,074,000 bushels in 1942 and the 10-year (1932-41) average production of 188,231,000 bushels. In 1942 the crop yielded 20.2 bushels per acre compared with the 10-year average yield per acre of 11.4 bushels.

With good soil moisture reserves in the main spring wheat States the crop more than held its own during July even though rainfall was somewhat below normal and temperatures were high enough to cause some premature ripening in the Dakotas. Conditions were favorable for the crop in Montana where yields closely approaching the good 1942 yields are now indicated. In Minnesota, rainfall was likewise favorable for improving yield prospects. On the other hand, hot weather reduced yield prospects somewhat in Washington.

Durum wheat production on Aug. 1 was indicated at 37,203,000 bushels compared with 44,660,000 bushels in 1942 and the 10-year average production of 26,992,000 bushels. The acreage of durum wheat is about 3.5% below that of 1942 and 20.5% smaller than the 10-year average. The indicated 1943 yield per acre of 18.3 bushels compares with 21.2 bushels in 1942 and the 1932-41 average of 10.1 bushels.

Production of other spring wheat was indicated on Aug. 1 at 263,834,000 bushels compared with 233,414,000 bushels in 1942 and the 1932-41 average production of 161,240,000. The indicated yield per acre for other spring wheat is now 18.9 bushels compared with 20.0 bushels in 1942 and the 10-year average of 11.7 bushels.

Oats

A sharp decline in oats prospects occurred during July. Production now is estimated at 1,189,546,000 bushels, which is about 12.5% below the excellent 1942 crop, but 17% above the 10-year average. The decline since July 1 amounted to about 53,000,000 bushels and was largely due to sharply lower yield prospects in the East North Central States. Declines in yields also occurred in Minnesota, Iowa, Missouri and Kansas, nearly offsetting improvement in northern Great Plains and most Western States. Drought conditions caused yield reductions in the Central Atlantic area.

Conditions have been favorable for harvesting and harvesting operations were under way to the northern border. Wet weather has made Ohio a notable exception to this general favorable situation. Hot, dry weather when the heads were filling appears to have been the chief cause for declining yield prospects in the Corn Belt. The average yield per acre is 31.4 bushels compared with 35.9 in 1942 and the 10-year average of 28.1 bushels.

Barley

The indicated production of 348,848,000 bushels of barley is about 18% below the 1942 production but about 43% above the 10-year average. The indicated yield per acre on Aug. 1 is 2.3 bushels below last year but 1.7 bushels above the 10-year (1932-41) average. The progress of the crop during July varied greatly but the net change for he United States generally was a slight decrease of three-tenth of a bushel per acre below the July 1 indication.

Hot weather for much of the country forced the early ripening of barley and this tended to reduce the yield. Also rust, blight and scab damage resulted in some reductions in the important areas of the northwestern Corn Belt. Precipitation in California was too light during May to allow for proper filling and consequently the yield will be light in that section.

The crop progressed generally according to earlier expectations however and relatively good yields were indicated on Aug. 1 for most barley areas, including such important States as North Dakota, South Dakota, Kansas, Nebraska, Colorado and Montana.

Rye

Rye production prospects on Aug. 1 show little change from July 1 and the crop is now estimated to be 33,314,000 bushels compared with the July estimate

of 33,562,000 bushels. This is 42% smaller than the 57,341,000 bushel crop of 1942 and 14% smaller than the 10-year (1932-41) average production of 38,589,000 bushels.

The yield per acre of 11.6 bushels is one-tenth of a bushel below the July forecast yield, due to a decline in prospects of ½ bushel in both South Dakota and Minnesota, two of the important rye producing States. This decline was partially offset by a one bushel increase in yield in North Dakota and a 1.5 bushel increase in Colorado, where the 1943 acreage for harvest is almost three times the 10-year average acreage.

Harvest is completed or partially completed in Nebraska, Kansas, South Dakota and southern Minnesota, but has little more than started in North Dakota and the northern part of Minnesota. A heavy ergot infection is reported in fields in North Dakota and northwestern Minnesota.

Buckwheat

Indicated production of 8,294,000 bushels is substantially larger than the 1942 crop of 6,687,000 bushels and nearly one-fifth above the 10-year (1932-41) average. This production if realized, would be the largest since 1935, with the acreage harvested nearly equal and the indicated yield the same as in that year. The acreage for harvest of 493,000 acres is 30% larger than the 378,000 acres harvested last year and above the 10-year average of 424,000 acres. Buckwheat played the usual role of a "catch crop" on ground intended for other spring-planted crops which were planted because of delayed spring work and flooded bottom lands. Difficulty in obtaining seed for the expanded acreage limited plantings in some cases.

The indicated yield of 16.8 bushels per acre is about a bushel under last year's yield, but is fully up to the 10-year average. An appraisal of the yield prospects on Aug. 1 is more difficult this year than in others because planting continued until a later date than usual, with variations on Aug. 1 ranging from early fields in bloom to latest plantings just coming in.

Potatoes

July weather was favorable for the development of the potato crop in most of the important late States and the Aug. 1 estimate is 2% larger than indicated on July 1. Total production in the United States is now placed at 443,067,000 bushels, compared with 371,150,000 bushels in 1942, and the 10-year (1932-41) average of 363,332,000 bushels. The indicated yield per acre on the large acreage of 1943 is 131.7 bushels, compared with 136.9 bushels in 1942, and the 10-year average of 116.9 bushels.

In the three eastern late surplus States, as a group, Aug. 1 condition points to an excellent yield per acre although hot, dry weather in Pennsylvania caused some damage through tip burn and wilting. The five Central surplus States show prospects for a good yield per acre but, with plantings made at a later average date than usual, much acreage will run the hazard of damage from fall frosts. Apparently late blight is less prevalent than usual in both the Eastern and Central States. Most of the improvement in yield prospects between July 1 and Aug. 1 occurred in these groups of States.

The 10 Western surplus States show evidence of a slightly smaller crop than was indicated on July 1. Prospects in Idaho are moderately below those of July 1 because of some damage from low temperatures in the Upper Snake River Valley on July 12 and the general lateness of the crop. Nebraska's crop prospects also declined some in July due to high temperatures. Other States of the Western group show as good or better prospects than on July 1.

'Gas' Coupon Value Cut In Middle West And Southwest—May Lift Non-Essential Ban

Reduction in the value of "A," "B" and "C" gasoline ration coupons from four gallons to three gallons in the Middle West and Southwest, effective 12.01 a.m., Monday, Aug. 16, was ordered on Aug. 13 by Chester Bowles, Acting Price Administrator, to reduce gasoline consumption in those areas as directed by the Petroleum Administrator for War, Harold L. Ickes.

At the same time Mr. Bowles announced that if the ban on non-essential driving in the 12 Northeastern States is observed during the balance of August, the ban can be lifted on Sept. 1.

"It is our further hope," Mr. Bowles said, "that if sufficient supplies can be built up in the East, some increase in the value of coupons in the 17 Atlantic Coast states and the District of Columbia, may be made later in Sept. At present "A" rations are now set at 1½ gallons a week, and "B" and "C" coupons at 2½ gallons in the 12 Northeastern states.

The States affected by the reduction are those lying between the Rocky Mountains and the 17 Atlantic Coast states.

As PAW made no curtailment in gasoline in the Rocky Mountain and Pacific Coast states, coupon values in these States remain unchanged.

"Curtailments in the Midwest and Southwest are based on new gasoline allocations assigned to this area by the Petroleum Administrator for War," Mr. Bowles said. "With these reductions in the supplies allotted to us, no course was possible but to cut the "A," and "B," and "C" coupons as we have done.

"The PAW allocations are 480,000 barrels a day for District II (Middle West) and 140,000 barrels a day in District III (Southwest and Gulf Coast). These represent a 15% reduction from the civilian gasoline consumption in June, as shown by the flow-back of gasoline coupons.

Emphasizing that the removal of the ban on non-essential driving in September depends on continued improvement in the supply situation, Mr. Bowles stated:

"Failure to respect the ban between now and Sept. 1 must inevitably prevent us from removing it on that date. We must have supplies on hand before restrictions can be relaxed and we can accumulate those supplies only by means of the various restrictions now in effect. Black market operations, too, could readily destroy our plans and postpone the date for relief."

In addition to the cuts in "A," "B," and "C" coupons the curtailment in PAW Districts II and III will include:

1. The maximum allotment of gasoline for in-course-of work driving, except for those entitled to preferred mileage ("C" books), will be reduced immediately from 720 miles a month to 480 miles a month.

This will reduce substantially the occupational driving of persons, such as salesmen, who use their cars in connection with their work. However, it does not affect the home-to-work mileage of drivers who may continue to get up to 720 miles a month to drive to work, if they need it.

2. Motorcyclists will have their "D" rations cut in proportion to the cuts in passenger car rations. This will be done by extending the valid period of the basic "D" ration through Nov. 11, 1944. These books were previously scheduled to last only through next July 21.

In reducing the value of "A" coupons in the Midwest and Southwest, OPA is also reducing somewhat the amount of occupational driving in the "A" book from 150 miles to 60 miles, while increasing the amount of family, or non-occupational, driving from 90 miles to 120 miles.

This increase in non-occupational driving is made to provide somewhat more adequate family mileage for car owners who use their cars in connection with their work. This means that two gallons in each three-gallon "A" coupon may be reserved for family, or nonoccupational, driving. The remaining one gallon must be held available for occupational use in the case of car owners who drive to work, or use their cars in work.

"A" bookholders who require more than 60 miles a month of occupational driving will be eligible for necessary supplemental mileage through "B" or "C" rations. "B" and "C" bookholders who are unable to meet their occupational driving needs with the reduced coupons may apply to their War Price and Rationing Boards for a restoration of mileage lost.

Such applications, however, cannot be accepted by Boards before Aug. 23, by which time instructions and mileage tables needed for issuing the "further" rations will be in Board hands. In reviewing these applications, Boards will be urged to be both critical and thorough in determining the exact amount of mileage which the applicant needs. A great part of the necessary reduction in gasoline consumption must be made from bringing all supplemental rations down to minimum requirements, it was pointed out.

In addition, OPA on Aug. 16 restored to Boards in the 12 Northeastern States the authority to grant drivers more gasoline than is provided by the maximum "B" book (360 miles) for home-to-work driving in hardship cases.

The provision for breaking the "B" ceiling for home-to-work driving in the East has been, and continues to be, in effect in all other sections of the country. The provision had to be revoked in 12 Northeastern States last June as one means of reducing mileage during a gasoline supply crisis. This restriction worked extreme hardship on thousands of workers living long distances from their jobs. For this reason it is one of the first of the emergency measures to be removed with prospective easing of the East Coast gasoline supply crisis.

20% Bus-Taxi Mileage Cut Restored

The new gasoline rationing program will not affect necessary commercial motor vehicle operations in the Middle West, Joseph B. Eastman, Director of the Office of Defense Transportation, declared on Aug. 13.

At the same time Mr. Eastman announced that a supplementary allotment of 14,000 barrels of gasoline per day has been granted by the Petroleum Administration for War to the ODT for transportation facilities and services under its jurisdiction in the East Coast shortage area. The allotment, which is now effective, will make possible the orderly restoration of necessary commercial motor vehicle operations along the Eastern Seaboard.

As claimant agency for gasoline for all highway transportation, the ODT on Aug. 10 received the following allotments for PAW for the areas newly included in the gasoline rationing program:

District 2—390,787 barrels per day; District 3—125,757 barrels per day. Both allotments became effective Aug. 15.

Within the quotas established for the districts, ODT will determine the amount of gasoline to be distributed among passenger automobiles, trucks, buses, taxicabs and other classes of transportation.

The supplementary gasoline allotment of 14,000 barrels per day for the East Coast area will be used primarily to grant relief to bus and truck operators who can establish that reduction in their mileage, required by ODT to reduce gasoline consumption in the East, has resulted in the curtailment of necessary services, Mr. Eastman explained. Under General Order No. 39, the ODT on May 27 ordered a 20% reduction in bus mileage throughout the East Coast area.

"Since the general reduction in mileage is not now necessary as a result of the supplementary allotment, the ODT will promptly rescind its General Order 39," Mr. Eastman stated.

Government-Financed War Facilities Program More Than 80% Completed At Mid-Year, Nelson

The nation's gigantic government-financed war facilities program was more than four-fifths completed at the year's midpoint, Donald M. Nelson, Chairman of the War Production Board reported on Aug. 6.

At the end of June, the completion of $12,038,000,000 out of a current $14,582,000,000 Government-financed war facilities program had been accomplished, Mr. Nelson said. That compares with 61% at the beginning of the year and only 24% a year ago.

The mid-year mark saw the greatest accomplishment in the construction of plants to produce finished munitions such as guns, combat vehicles, aircraft, ships and ammunition. Facilities for production of ammunition and explosives were 95% completed.

This remarkable record, Mr. Nelson declared, means that the arsenal which America is building to defeat the Axis is rapidly nearing completion, and as facilities construction moves along a planned decline, more and more of the nation's resources can be thrown into the direct production of munitions.

The construction and equipment of plants to produce raw materials, such as synthetic rubber and steel, was fast catching up after earlier tendencies to lag. The extent of the advance which has been gained in this category this year is illustrated by the synthetic rubber program. Only 3% finished a year ago, the synthetic rubber facilities program was 15% in place at the beginning of 1943, and had risen to 61% by the end of June.

It is only since the beginning of this year that raw materials facilities passed the half-way mark, Mr. Nelson pointed out. For example, while only 15% of the federally financed synthetic rubber program was in place on Jan. 1, construction and equipment deliveries moved rapidly ahead to the favorable position they occupied at the end of June after receiving preferential treatment for components.

The largest percentage gain of the first half was registered for plants to produce 100-octane gasoline. At the beginning of the year, less than 1% of the Government-financed program was in place, but by July 1 the program was about 39% complete. High-octane gasoline plants have been granted high preference ratings, and steady increases in the program may be expected over the remaining months of the year. Even greater progress has been made in the privately financed high-octane program where, by July 1, around 63% of the expansion had been completed.

An encouraging picture is reflected in the iron and steel program, which is now more than 75% in place. Seven of the plants that are the furtherest advanced are being rushed to completion this year, and these alone will make up about one-third of the entire program.

In the field of chemistry, the rate of expansion has been extremely favorable. Only 31% complete a year ago, the chemical program had risen to 66% at the beginning of 1943 and is more than 90% completed today.

An analysis of the Government's war facilities program this year clearly indicates that the end of the munitions facilities program is the beginning of the end of the raw materials program. Of the facilities completed in 1942, the largest proposition—70%—went into ordnance, aircraft, and shipway facilities, while only 21% went into raw materials. This year, on the other hand, 40% of the facilities scheduled for completion is destined for raw materials and 50% for end munitions.

New Dwellings Decrease

Construction was started on 200,000 new non-farm family dwelling units during the first six months of 1943, less than two-thirds as many as were started during the same period of 1942, Secretary of Labor Perkins reported on Aug. 7. "Almost 60% of these new family dwelling units will be located in publicly financed war housing projects," she said. "Private builders started construction during the first six months of 1943 on 85,747 family dwelling units, 73,500 of which are being constructed under the private war housing program of the National Housing Agency."

Secretary Perkins further stated:

"Federally financed housing projects put under construction contract during the first half of 1943 will provide homes for 114,053 war workers' families, slightly more than the 111,747 units in projects started during the corresponding period in 1942. Slum-clearance projects transferred to the war housing program during the first six months of 1943 will provide accommodations for another 1,359 families. Conversions of other types of structures to family dwelling units by the Federal Public Housing Authority will provide 290 units, making a total of 115,702 additional family units of public war housing in the first half of 1943. In addition, Federal construction contracts were awarded during the first six months of 1943 for dormitories to accommodate 31,004 persons and trailer projects to contain 16,736 trailers. Contracts were also awarded during the first half of 1943 by the Home Owners Loan Corporation for the conversion of 2,117 structures to provide 8,949 additional family units.

"The Bureau of Labor Statistics estimates the valuation of the new non-farm family dwellings put under construction during the first six months of 1943 to aggregate approximately $486,000,000. The nonfarm area of the United States, as defined by the Bureau of the Census, includes all urban places and all rural places except farms.

"One-family dwellings comprised about 82% of all units started during the first six months of 1943, 2-family dwellings accounted for 4%, and multi-family units for 14%. During the same period in 1942, 84% of the new units were of the 1-family type, 4% were of the 2-family type, and 12% in multifamily buildings. Wartime restrictions on building materials were largely responsible for a shift from single-family to 2-family and multifamily units in privately financed structures. The number of 1-family units started by private builders during the first half of 1943 was 60% less than in the same period last year. Privately financed units in 2-family houses declined 24% and in multifamily units, 36%."

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on Aug. 11 that as of the close of business July 31, there were 1,117 bond issues, aggregating $80,878,879,937 par value listed on the Stock Exchange with a total market value of $80,352,221,151. This compares with 1,124 bond issues, aggregating $80,999,206,037 par value, listed on the Exchange as of June 30 with a total market value of $80,704,321,646.

In the following table listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

Group—	July 31, 1943 Market Value $	July 31, 1943 Average Price $	June 30, 1943 Market Value $	June 30, 1943 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	63,777,827,657	104.30	63,915,414,612	104.52
U. S. companies:				
Amusements	*	*	35,118,011	102.25
Automobile	10,834,280	102.66	10,781,617	102.16
Building	13,819,604	100.80	13,809,881	100.73
Business and office equipment	15,768,750	105.13	15,712,500	104.75
Chemical	76,477,450	104.40	76,399,888	104.29
Electrical equipment	36,237,500	103.54	36,775,000	105.07
Financial	56,574,328	102.75	56,638,288	102.87
Food	233,708,845	105.04	234,513,238	105.40
Land and realty	10,693,763	79.59	10,835,551	80.64
Machinery and metals	37,384,362	101.45	37,328,902	101.30
Mining (excluding iron)	96,357,637	63.52	98,528,703	64.54
Paper and publishing	40,366,617	102.14	40,486,946	102.20
Petroleum	608,125,497	104.87	612,102,207	104.63
Railroad	7,362,116,232	73.37	7,540,242,205	74.71
Retail merchandising	12,951,623	92.61	12,258,568	87.65
Rubber	76,289,994	104.98	76,095,865	104.72
Ship building and operating	11,844,840	103.25	11,959,560	104.25
Shipping services	21,660,496	78.96	21,481,377	78.07
Steel, iron and coke	495,146,927	101.77	494,319,333	101.50
Textiles	38,062,995	104.88	38,236,380	105.36
Tobacco	155,614,751	107.22	155,238,588	106.80
Utilities:				
Gas and electric (operating)	3,367,447,911	109.35	3,382,366,279	109.28
Gas and electric (holding)	95,618,140	105.67	96,288,610	104.68
Communications	1,235,569,210	110.72	1,238,529,222	110.85
Miscellaneous utilities	94,922,752	65.32	94,816,086	65.20
U. S. companies oper. abroad	138,923,744	77.24	137,706,305	76.56
Miscellaneous businesses	31,398,640	105.71	31,298,003	105.37
Total U. S. companies	14,374,516,888	86.00	14,609,867,105	86.79
Foreign government	1,429,652,248	66.03	1,417,833,281	65.41
Foreign companies	770,224,358	90.84	761,206,648	89.78
All listed bonds	80,352,221,151	99.35	80,704,321,646	99.64

*The two issues under this group—Warner Brothers 6s of 1948 and Paramount Pictures 4s of 1956—have been retired.

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1941—	Market Value $	Average Price $	1942—	Market Value $	Average Price $
June 30	53,237,234,699	94.80	July 31	61,277,620,583	95.76
July 31	53,259,696,637	95.04	Aug. 31	62,720,371,752	96.08
Aug. 30	53,216,867,646	94.86	Sept. 30	62,765,776,218	96.18
Sept. 30	53,418,055,935	94.74	Oct. 31	64,843,877,284	96.48
Oct. 31	55,106,635,894	95.25	Nov. 30	64,543,971,299	96.11
Nov. 29	54,812,793,945	94.80	Dec. 31	70,583,644,622	96.70
Dec. 31	55,033,616,312	94.50	1943—		
1942—			Jan. 30	71,038,674,932	97.47
Jan. 31	56,261,398,371	95.24	Feb. 27	71,346,452,852	97.79
Feb. 28	57,584,410,504	95.13	Mar. 31	71,575,183,604	98.24
Mar. 31	58,140,382,211	95.97	Apr. 30	71,857,596,488	98.69
Apr. 30	57,923,553,616	95.63	May 29	81,048,543,830	99.47
May 29	59,257,509,674	95.64	June 30	80,704,321,646	99.64
June 30	59,112,072,945	95.50	July 31	80,352,221,151	99.35

Cottonseed Receipts In July

On Aug. 12, the Bureau of Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the twelve months ended with July, 1943 and 1942.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

State—	*Received at mills Aug. 1 to July 31 1943	1942	Crushed Aug. 1 to July 31 1943	1942	On hand at mills July 31 1943	1942
United States	4,514,728	3,959,835	4,496,942	4,008,436	89,817	81,928
Alabama	257,846	222,405	259,004	230,245	2,175	3,333
Arizona	82,864	78,234	83,252	78,060	3	391
Arkansas	473,207	476,267	475,928	489,322	9,100	11,875
California	158,430	158,887	152,709	164,207	6,896	1,175
Georgia	343,224	269,435	343,320	284,294	3,961	4,057
Louisiana	166,321	86,111	166,518	85,893	547	744
Mississippi	750,766	569,146	745,605	566,931	11,402	6,241
North Carolina	272,033	215,399	272,667	222,024	1,023	3,111
Oklahoma	219,522	240,151	222,194	236,219	1,792	4,464
South Carolina	207,789	122,232	205,145	124,540	2,591	700
Tennessee	383,041	398,328	388,962	409,809	3,266	9,187
Texas	1,054,627	982,979	1,042,924	974,814	44,658	35,359
All other States	145,058	140,261	138,714	142,078	2,403	1,291

*Does not include 81,928 and 130,529 tons on hand Aug. 1 nor 63,559 and 68,845 tons reshipped for 1943 and 1942 respectively. Does include 9,897 tons destroyed for 1943.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand Aug. 1	Produced Aug. 1 to July 31	Shipped out Aug. 1 to July 31	On hand July 31
Crude oil	1942-43	*34,460	1,400,259	1,401,677	*21,825
Refined oil	1941-42	29,708	1,249,872	1,250,671	34,460
(thousand pounds)	1942-43	†310,191	‡1,297,034	----	†207,081
Cake and meal	1941-42	294,005	1,157,917	----	310,191
(tons)	1942-43	190,100	1,994,053	2,165,560	18,593
Hulls	1941-42	164,444	1,752,610	1,726,954	190,100
(tons)	1942-43	44,118	1,084,755	1,116,887	11,986
Linters	1941-42	151,439	991,521	1,098,842	44,118
(running bales)	1942-43	43,295	§1,355,221	1,263,400	§135,116
Hull fiber	1941-42	123,154	1,183,963	1,263,822	43,295
(500-lb. bales)	1942-43	229	36,417	36,015	631
Grabbots, motes, &c.	1941-42	1,834	31,353	32,958	229
(thousand pounds)	1942-43	23,644	63,615	72,978	14,281
(500-lb. bales)	1941-42	6,183	55,300	37,839	23,644

*Includes 24,484,000 and 12,863,000 pounds held by refining and manufacturing establishments and 2,118,000 and 2,522,000 pounds in transit to refiners and consumers Aug. 1, 1942, and July 31, 1943, respectively.

†Includes 3,620,000 and 3,203,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 1,389,000 and 5,135,000 pounds in transit to manufacturers of shortening, soap, etc. Aug. 1, 1942, and July 31, 1943, respectively. Does not include winterized oil.

‡Produced from 1,393,806,000 pounds of crude oil.

§Total linters produced includes 29,661 bales first cut, 138,086 bales second cut and 1,187,474 bales mill run. Total held includes 8,289 bales first cut, 13,959 bales second cut and 112,868 bales mill run.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

July Retail Prices Continue Unchanged, According To Fairchild Publications Index

For the second consecutive month the Fairchild Publications retail price index remain unchanged, at 113.0 (Jan. 1, 1931=100). The index is still 0.1% under Aug. 1, 1942. At that time the index was at 113.1 the level at which it remained unchanged for eight consecutive months. Compared with the pre-war period of 1939 it is still 27.1% higher.

The Fairchild announcement of Aug. 13 further said:

"The five major groups comprising the index remained unchanged during July. They showed only slight changes over the previous year, with men's apparel increasing the most, 0.2%. This was undoubtedly caused by the issuance of the price regulation at that time which permitted a certain percentage markup in determining the ceiling prices of men's outer coats. Piece goods rose the most and infants' wear the least in the comparison with the period just before the outbreak of the European war.

"For the third consecutive month women's hose and furs are the only individual commodities to show any change during the month. However, the rate of change has been narrowing, with hose showing a decline of 0.7% during July, as compared with one of 1.3% for June. And furs increased 0.5% as compared with an advance of 1.0% for June. Women's hose declined 5.1% under Aug. 1, 1942, the largest decrease shown by any of the individual commodities. Furs increased the most over 1942.

"With the index at the same level that it has been for the past three months, the indications are that it will remain comparatively stable in the near future, according to A. W. Zelomek, economist under whose supervision the index is compiled. Any fluctuation that occurs will be minor."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX

JAN. 3, 1931=100

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	May 1, 1933	Aug. 1, 1942	May 1, 1943	June 1, 1943	July 1, 1943	Aug. 1, 1943
Composite Index	69.4	113.1	113.2	113.0	113.0	113.0
Piece Goods	65.1	112.3	112.2	112.2	112.2	112.2
Men's Apparel	70.7	105.1	105.3	105.3	105.3	105.3
Women's Apparel	71.8	112.8	112.7	112.6	112.7	112.7
Infants' Wear	76.4	108.0	108.1	108.1	108.1	108.1
Home Furnishings	70.2	115.6	115.5	115.5	115.5	115.5
Piece Goods						
Silks	57.4	85.0	84.7	84.7	84.7	84.7
Woolens	69.2	108.1	108.0	108.0	108.0	108.0
Cotton Wash Goods	68.6	143.9	143.8	143.8	143.8	143.8
Domestics						
Sheets	65.0	127.0	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	135.0	135.0	135.0	135.0	135.0
Women's Apparel						
Hosiery	59.2	94.1	94.1	91.1	89.9	89.3
Aprons & House Dresses	75.5	140.5	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	111.3	111.2	111.2	111.2	111.2
Furs	66.8	136.0	135.5	137.9r	139.3	140.0
Underwear	69.2	102.7	102.7	102.7	102.7	102.7
Shoes	76.5	92.4	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	108.0	108.1	108.1	108.1	108.1
Underwear	69.6	114.6	114.8	114.8	114.8	114.8
Shirts & Neckwear	74.3	99.0	99.1	99.1	99.1	99.1
Hats & Caps	69.7	94.3	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	105.1	106.0	106.0	106.0	106.0
Shoes	76.3	109.6	109.6	109.6	109.6	109.6
Infant's Wear						
Socks	74.0	114.5	114.6	114.6	114.6	114.6
Underwear	74.3	103.6	103.7	103.7	103.7	103.7
Shoes	80.9	105.9	106.0	106.0	106.0	106.0
Furniture	69.4	129.2	129.2	129.2	129.2	129.2
Floor Coverings	79.9	146.8	146.9	146.9	146.9	146.9
Radios	50.6	66.8	66.8	66.8	66.8	66.8
Luggage	60.1	94.7	94.7	94.7	95.7	95.7
Electrical Household Appliances	72.5	93.5	93.5	93.5	93.5	93.5
China	81.5	110.6	110.6	110.6	110.6	110.6

NOTE—Composite Index is a weighted aggregate. Major group indexes are arithmetic average of subgroups. r Revised.

Steel Operations Increased—Supply And Demand Better Balanced—Buying Slackens

". . . Despite the avalanche of steel orders during the first half of August which with some companies almost reached previous peaks, steel observers this week saw a better balance between supply and demand than has been the case since the war begun," says the "Iron Age" in its issue of today (Aug. 19), further adding in part: "Major credit for such a situation can be laid at the door of the Controlled Materials Plan which is now functioning in far better shape than was the case a few months ago. This success on the home steel front has been made possible because CMP is much better understood by steel customers and finally there have been less complaints recently from steel consumers over deliveries and orders.

"Steel order volume which is no longer the criterion it was formerly because of CMP has nevertheless, so far this month, shown a substantial increase over the same period in July. Some districts report increases in new orders over a month ago ranging from 10% to 30%. Although this past week reflected a slight drop in new bookings over a week ago, this is not held significant since the two previous weeks were record periods for some companies. As a result of this activity steel backlogs are quite heavy and practically all mills are booked up for the rest of this year on all products except a few.

"Some companies are reporting first quarter schedules closing rapidly on the more important items such as plates, sheets and bars."

The American Iron and Steel Institute on Aug. 16 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 98.8% of capacity for the week beginning Aug. 16, compared with 98.4% one week ago, 98.3% one month ago and 97.2% one year ago. This represents an increase of 0.4 point or 0.4% from the preceding week. The operating rate for the week beginning Aug. 16 is equivalent to 1,710,900 tons of steel ingots and castings, compared to 1,704,000 tons one week ago, 1,702,200 tons one month ago, and 1,662,800 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, Aug. 16 stated in part as follows:

"With deliveries well extended on most steel products and most claimant agencies not in position to ask sweeping allotments for first quarter, orders generally so far this month are off noticeably.

"This is particularly true in plates, bars and sheets, the major tonnage factors at present. Demand for these is far from sluggish but is appreciably under July levels. Tin plate buying is also below the recent peak, due mainly to seasonal influences. Merchant pipe, shapes and most wire products maintain about the previous level. Shapes are a shade more active, as a result of recent orders from car builders and structural schedules are virtually covered for third quarter.

"Distribution of fourth quarter steel under CMP, recently announced by the War Production Board came at a time when producers were largely booked for the remainder of the year. However, orders for fourth quarter were balanced against tentative allotments and kept within reasonable bounds, official announcement simply marking completion of broad details of overall division of tonnage. While demand for steel exceeded supply the necessary reduction is being accomplished, indicating progress toward realistic planning.

"Existence of pressing needs of railroads for additional freight cars and for rail replacement is being recognized by Washington and the enlarged car building program has resulted in distribution of considerable steel for third and fourth quarters. While supply of plates is expected to be sufficient for this purpose some difficulty may be experienced in obtaining enough bars and small shapes unless special action is taken to provide these materials.

"Steelmaking scrap is being received by melters in sufficient volume to support the current high rate of production but uneasiness is felt in some quarters over prospects for winter supply.

"Pig iron melters in several districts have asked smaller tonnages for September, continuing the decline that has been noted for several months.

"Ingots and steel castings were produced in July to a total of 7,376,017 net tons, compared with 7,027,101 tons in June, but failed to equal any other 31-day month this year. In July, 1942, production was 7,144,958 tons. In seven months this year total output was 51,242,929 tons, 1,562,048 tons more than the 49,680,881 tons produced in the corresponding period in 1942. Average weekly production in July was 1,668,782 tons, compared with 1,616,506 tons per week in July last year.

"Plate production in July is announced by the Iron and Steel Division of WPB as 1,089,677 tons, slightly more than 1,059,360 tons in June, but falling below the 1,124,118 tons produced in July, 1942."

Canadian Newsprint Shipments Up 16.7%

Canadian shipments of newsprint in July amounted to 284,216 tons and were 40,596 tons, or 16.7% higher than the comparable month of 1942, the Newsprint Association of Canada reported on Aug. 12. Shipments to the United States and overseas customers increased 18.7 and 18% respectively, while shipments to Canada decreased 9.5% from July, 1942.

Canadian Press advices from Montreal also reported the following:

"The survey showed that Canadian production amounted to 262,323 tons and was 21,145 tons, or 8.8% higher than July, 1942. Shipments exceeded production by 21,893 tons and there was a corresponding reduction in stocks held by Canadian manufacturers.

"Shipments and production by United States mills decreased 10.6% and 11.8% respectively, from the July, 1942, levels. Shipments exceeded production by 200 tons and stocks held by United States mills decreased by that amount."

Exchange Stabilization Fund As Of Mar. 31, '43

The Exchange Stabilization Fund earned a total of $32,100,859 from its inception Jan. 31, 1934, through March 31, 1943, according to tabulations appearing in the current issue of the "Bulletin" of the Treasury Department. The chief source of earnings has been "profits on gold bullion," which accounted for $20,860,425 of the total.

The balance sheet of the Fund as of March 31, 1943, shows total assets of $2,030,266,098 with cash aggregating $1,994,419,412, of which $1,800,000,000 is gold. Additional gold of $14,182,611 is listed in a special account of the Secretary of the Treasury.

Following are the balance sheet, earnings and expense accounts for June 30, 1942, and March 31, 1943:

Balance Sheet of the Exchange Stabilization Fund as of June 30, 1942 and March 31, 1943

	June 30, 1942		March 31, 1943	
Assets—				
Cash:				
Treasurer of the United States, gold	$1,800,000,000		$1,800,000,000	
Treasurer of the United checking account	1,581,259		151,531,135	
Federal Reserve Bank of New York, special account	177,908,989		42,882,284	
Disbursing officers' balances and advance accounts	10,965		5,992	
Total cash		$1,979,501,213		$1,994,419,412
Gold purchased from Union of Soviet Socialist Republics (agreement Oct. 10, 1941 and Jan. 3, 1942)*		14,358,449		
Special accounts of Secretary of the Treasury in Federal Reserve Bank of New York:				
Special account No. 1, gold		7,936,045		14,182,611
Due from foreign banks (foreign exchange):				
Swiss francs	$ 232,630		$ 836,263	
French francs	18		18	
Belgas	505		505	
Sterling	2,980		2,980	
Central Bank of China	†19,121,925		‡10,036,986	
Foreign depositories	------		266,640	
Total due from foreign banks		19,358,058		11,143,392
Investments in United States Government securities		10,448,723		10,448,723
Accrued interest receivable		9,731		69,142
Other accounts (deferred charges)		985		182
Commodity sales contracts (deferred charges)		2,636		2,636
Total assets		$2,031,615,840		$2,030,266,098
Liabilities and Capital—				
Accounts payable:				
Victory tax withheld from salaries of employees, Treasury Department	------		$ 2,651	
Employees' pay-roll allotment account, U. S. savings bonds	$ 377		821	
Vouchers payable	219		145	
Due to foreign banks	------		113,405	
Due to Union of Soviet Socialist Republics (agreement Oct. 10, 1941 and Jan. 3, 1942)	2,471,717		------	
Miscellaneous	1,500		3,256	
Total accounts payable		$ 2,473,813		$ 119,678
Capital account		2,000,000,000		2,000,000,000
Earnings less administrative expenses		29,142,028		30,146,420
Total liabilities and capital		$2,031,615,840		$2,030,266,098

*Consisted of 941,053.554 ounces on June 30, 1942. †Consisted of secured deposits amounting to 65,032,054.79 yuan as of June 30, 1942. Gold held as collateral amounted to $19,379,015.65. ‡Consisted of 200,739,726.03 yuan as of March 31, 1943.

Earnings of the Exchange Stabilization Fund

Source—	Jan. 31, 1934 through June 30, 1942	Jan. 31, 1934 through March 31, 1943
Profits on British sterling transactions	$310,638	$310,638
Profits on French franc transactions	351,538	351,538
Profits on gold bullion (including profits from handling charges on gold)	19,948,590	20,860,424
Profits on silver transactions	105,371	105,371
Profits on sale of silver bullion to Treasury (nationalized)	3,473,362	3,473,362
Profits on investments	1,019,326	1,019,326
Interest on investments	3,711,009	3,889,135
Miscellaneous profits	474	488
Interest earned on foreign balances	123,889	123,889
Interest earned on Chinese yuan	1,841,337	1,966,687
Total earnings	$30,885,535	$32,100,859

Administrative Expenses of the Exchange Stabilization Fund

Classification—	Jan. 31, 1934 through June 30, 1942	Jan. 31, 1934 through March 31, 1943
Salaries	$1,151,157	$1,328,950
Travel	61,554	66,656
Subsistence	45,910	53,576
Telephone and telegraph	335,666	351,683
Stationery, etc.	17,765	18,521
All other	131,455	135,054
Total administrative expenses	$1,743,507	$1,954,439

Movements In Supply Of Money And Prices In Two World War Periods

The July number of the League of Nations Monthly Bulletin of Statistics, published by the League Mission at Princeton, N. J., contains in addition to the regular tables a set of graphs showing for some 20 countries the movements in the supply of money and in prices during the two war periods, 1914-1919 and 1939-1943. Advices from the League at Princeton State:

"The graphs indicate that, in general, the degree of inflation reached so far in the countries covered is distinctly less than in the corresponding period of World War I, a result due mainly to the early introduction of comprehensive rationing and price controls, as well as to heavier taxation. Note circulation has risen less, except in Denmark, Norway and the Netherlands, neutrals in the last war, and also than in Greece and Portugal. Sight deposits in commercial banks have also expanded less in most countries. The increases in wholesale prices and the cost of living appear in general to have not only kept well below the levels reached in 1917 but also to have lagged further behind the increases in the supply of money. It must be remembered, however, that these indices are generally based on official prices and take no account of the black market which in certain Axis controlled countries is important.

"The extent to which these series had risen above the respective pre-war levels by the end of 1917 (1918 for cost of living) and 1942 is brought out by the following indices. (Pre-war levels=100):

	Note —Circulation—		Sight —Deposits—		Wholesale —Prices—		Cost —of Living—	
End of—	1917	1942	1917	1942	1917	1942	1918	1942
United Kindom	769	184	163	193	204	162	230	129
Germany	629	298	304	---	179	108	---	107
France	391	345	150	††255	‡273	*199	248	*153
Italy	369	---	347	---	306	---	260	---
Bulgaria	790	676	343	††190	---	200	---	205
Finland	676	461	941	341	---	230	588	182
Greece	353	4,250	201	---	---	---	---	---
Roumania	940	336	---	198	---	---	---	---
Denmark	222	223	269	221	250	195	196	157
Netherlands	293	306	376	136	276	---	184	---
Norway	302	425	764	†695	341	179	264	150
Turkey	---	373	---	§184	---	430	---	340
Portugal	222	232	254	424	---	188	---	146
Sweden	245	190	370	185	239	179	238	149
Switzerland	226	151	202	119	---	202	211	146
Palestine	---	434	---	216	---	¶276	---	264
Egypt	---	369	---	---	---	¶221	---	¶199
Iran	---	**372	---	---	---	‡243	---	††347
Iraq	---	††473	---	*308	---	**468	---	---
India	---	316	---	267	---	241	---	181

*March. †May. ‡July. §Aug. ¶Sept. **Oct. ††Nov.

"The regular Bulletin tables show **inter alia** that:

"The cost of living indices for Canada and the United States changed little or not at all in June. The cost of living in Europe appears to have been more or less stable so far in 1943 but in Latin America it was still rising. Compared with the pre-war average, January-June 1939, the cost of living in the first or second quarter of 1943 was up 274% in Turkey, 237% in Palestine, 203% in Iran (X-1942), 206% in Bolivia, 145% in Iceland, 95% in India, 86% in Finland, 84% in Chile, 67% in Costa Rica, 66% in Spain, 59% in Ireland, 50% in Norway and Sweden, 49% in Mexico and Switzerland, 43% in Peru, 33% in Japan, 28% in the United Kingdom, 24% in the United States, 21% in the Argentine, 19% in South Rhodesia, 18% in Canada, 14% in Colombia, Uruguay and Venezuela, and 11% in Germany. In China (Chung King) the cost of living by August 1942 was 2149% over the 1939 level.

"Government expenditure in the belligerent, occupied and even neutral countries is now many times higher than in the last pre-war year, the extent of the rise depending, of course, not only on the war or defense effort, but also on the pre-war level of expenditure and the scope of the national budgets. War or defense expenditure in 1942 or 1942-43 accounted for over 90% of total expenditure in the United States and the United Kingdom, for about 85% in Canada, 83% in Australia and nearly 80% in New Zealand, for 72% in neutral Switzerland and about 50% in the Union of South Africa; 'costs of occupation' were estimated to have amounted in 1942 to some 46% (or 56% if the financing of exports to Germany is included) of total expenditure in France, and in 1941 to 45% and 36% respectively in Belgium and the Netherlands.

"Although taxation has greatly increased, the proportion of total expenditure covered of receipts in 1942 or 1942-43 was approximately 60% in the Union of South Africa, 52% in Canada, 51% in the United Kingdom, 47% in New Zealand, 40% in Australia and Switzerland, 36% in France and somewhat less than 30% in the United States."

Continental U. S. Civil Engineering Construction $296,288,000 In July

Civil engineering construction volume in continental United States for July totals $296,288,000, an average of $59,258,000 for each of the five weeks of the month as reported by "Engineering News-Record" on Aug. 12. This weekly average volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 14% lower than the average for the four weeks of June, 1943, and 75% below the five-week average for July, 1942. The report continued in part as follows:

On the weekly average basis, public construction is 5% above the preceding month. Federal volume, with a 7% increase, is responsible for the public gain over a month ago, as State and municipal work is down 15%. Private construction declines 64% from last month.

Private construction for July, 1943, is 47% lower than in the corresponding month last year, and public work is 77% lower. State and municipal work and Federal volume are 54 and 78% lower, respectively, than a year ago.

Continental U. S. civil engineering construction volumes for the 1942 month, last month, and the current month are:

	July, 1942 (5 Weeks)	June, 1943 (4 Weeks)	July, 1943 (5 Weeks)
Total U. S. Construction	$1,201,526,000	$274,493,000	$296,288,000
Private Construction	62,040,000	72,718,000	32,704,000
Public Construction	1,139,486,000	201,775,000	263,584,000
State and Municipal	50,899,000	21,956,000	23,200,000
Federal	1,088,587,000	179,819,000	240,384,000

The July volume brings 1943 construction to $2,062,540,000 for the seven months, an average of $68,751,000 for each of the 30 weeks in the period. On the weekly average basis, 1943 construction is 65% below the $6,106,820,000 for the seven-month, 31-week period in 1942. Private construction, $255,188,000, is 35% lower, and public work, $1,807,352,000, is down 67% when adjusted for the difference in the number of weeks reported.

New Capital

New capital for construction purposes for July totals $2,424,122,000, a volume 7% below the new construction financing reported for the month last year. The month's total is made up of $22,634,000 in private investment; $148,000,000 in Federal funds for non-Federal work; and $2,253,488,000 in Federal appropriations for war construction and regular departmental building.

The month's new financing brings 1943 volume to $2,921,188,000 for the 30-week period, a total 68% below the $9,500,250,000 reported for the 31-week period in 1942.

Sweden Ending Nazi Transit Rights

The Swedish government announced on Aug. 5 that traffic of German soldiers and war materials across Sweden to and from Norway and Finland would cease within a few days, ending a transit agreement that had aided Germany's military operations for more than three years, according to a United Press Stockholm dispatch. The advices further stated:

The Foreign Office announced that termination of the transit arrangement was by "agreement," but informed quarters said there was no doubt that Sweden had decided to close the doors to the Nazi military machine in view of recent war developments.

For many months, it was estimated, more than 1,000 German troops and much war equipment passed through neutral Sweden daily.

A Foreign Office communique said that transport of war materials to and from Norway and Finland through Sweden would cease on Aug. 15, that so-called "leave" traffic of soldiers to and from Norway and "horseshoe" traffic between Trondheim and Narvic would cease on Aug. 20.

Urges Spread Of War Orders To Less Critical Labor Supply Areas

Because of the increasing shortage of manpower in certain critical areas, approximately 1,000 prime contractors who have backlogs of orders totaling $5,000,000 or more each were requested on Aug. 11 to place future subcontracts for fabrication of products in the less critical labor supply areas of the nation.

The request to observe this policy, which was called "'vital to the war effort," was contained in copies of a letter signed by Chairman Nelson of the War Production Board, Chairman Land of the Maritime Commission, Under Secretary of War Patterson, Under Secretary of Navy Forrest and Clifton Mack, Director of the Procurement Division of the Treasury Department.

The latter, in effect, urged prime contractors to follow the same policy in placing subcontracts which the Federal Government observes in placing prime contracts. For many months the War Department, Navy Department, Maritime Commission and Treasury Department have been making every effort to place contracts in noncritical areas wherever production facilities and the required speed of delivery can be secured in such areas. In the allocation of war work, the procurement agencies rely on the War Manpower Commission's monthly list of more than 300 labor market areas, classified in four groups according to the adequacy or shortage of labor supply.

Authorize Flood Area Loan

Secretary of Agriculture Wickard has anounced authorization of flood restoration loans in 314 counties in twelve mid-Western and Southern States. The loans, to be made from a special $15,000,000 fund provided by Congress, are to be available in Arkansas, Indiana, Illinois, Kansas, Michigan, Minnesota, Mississippi, Missouri, Ohio, Oklahoma, Wisconsin and Texas. Under the program, it is stated eligible farmers will be able to get real estate restoration loans and production restoration loans. The real estate loans may be made for a period of up to 20 years and will bear interest at 3½%, while the production loans will be mostly short-term but may run as long as 10 years, bearing interest at 5%.

Wholesale Commodity Index Advanced 0.2% During Week Ended Aug. 7, Says Labor Dept.

The U. S. Department of Labor announced on Aug. 19 that following their downward tendency of the past several weeks, commodity prices in primary markets reacted during the first week of August and advanced 0.2%. Higher prices for domestic agricultural commodities, together with Office of Price Administration action in raising ceiling prices on southern pine lumber, largely accounted for the rise. The increase brought the Bureau of Labor Statistics' comprehensive all-commodity index to 103.0% of the 1926 average, 4½% higher than at this time last year.

The Labor Department's announcement further explained:

"Farm products and foods. Sharp seasonal advances in prices for eggs under Office of Price Administration regulations and for potatoes at Chicago and New York brought average prices for farm products in primary markets up 0.6% during the week. Smaller increases were reported in prices for oats, wheat and cotton, for hogs and steers, and for citrus fruits. Quotations for corn and rye were off slightly from the preceding week and prices were also lower for sheep, onions, potatoes at Boston and Portland (Oregon), and wool. Notwithstanding the recent advance farm product prices are 0.8% lower than at this time last month.

"Led by an increase of 0.7% in fruits and vegetables, average prices for foods rose 0.2% during the week ended Aug. 7. Quotations were lower for flour.

"Cattle feed advanced 0.5% as a result of higher prices for linseed meal.

"Industrial commodities. Except for an advance of 1% in prices for building materials, brought about by an upward adjustment in ceiling prices on southern pine lumber and an increase in prices for rosin, industrial commodity prices remained steady."

The following notation is made:

During the period of rapid changes caused by price control, materials allocation, and rationing the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for July 10, 1943 and Aug. 8, 1942 and the percentage changes from a week ago, a month ago, and a year ago:

(1926=100)

						Percentage changes to Aug. 7, 1943 from—		
Commodity groups—	8-7 1943	7-31 1943	7-24 1943	7-10 1943	8-8 1942	7-31 1943	7-10 1943	8-8 1942
All commodities	*103.0	*102.8	*102.9	*103.0	98.6	+0.2	0	+ 4.5
Farm products	*125.0	*124.3	*124.8	*126.0	105.4	+0.6	—0.8	+18.6
Foods	106.6	106.4	107.0	107.3	99.7	+0.2	—0.7	+ 6.9
Hides and leather products	118.4	118.4	118.4	118.4	118.8	0	0	— 0.3
Textile products	96.9	96.9	96.9	96.9	96.5	0	0	+ 0.4
Fuel and lighting materials	81.6	81.6	81.8	81.5	79.6	0	+0.1	+ 2.5
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	111.9	110.8	110.6	110.5	110.2	+1.0	+1.3	+ 1.5
Chemicals and allied products	100.1	100.1	100.1	100.1	96.3	0	0	+ 3.9
Housefurnishing goods	104.2	104.2	104.4	104.3	104.4	0	—0.1	— 0.2
Miscellaneous commodities	92.2	92.1	92.1	91.6	88.9	+0.1	+0.7	+ 3.7
Raw materials	*113.5	*113.0	*113.3	*114.0	100.4	+0.4	—0.4	+13.0
Semimanufactured articles	92.7	92.7	92.7	92.7	92.6	0	0	+ 0.1
Manufactured products	*99.9	*99.8	*99.8	*99.6	98.9	+0.1	+0.3	+ 1.0
All commodities other than farm products	*98.3	*98.2	*98.3	*98.1	97.2	+0.1	+0.2	+ 1.1
All commodities other than farm products and foods	*97.2	*97.1	*97.1	*96.9	95.7	+0.1	+0.3	+ 1.6

*Preliminary.

Commercial Paper Outstanding

Reports received by the Federal Reserve Bank of New York from commercial paper dealers show a total of $149,800,000 of open market paper outstanding on July 31, the Bank announced on Aug. 11. This was an advance of $6,500,000 from the June 30th total but a decline of $155,500,000 from July 31, 1942. This is the first monthly rise in seventeen months and is attributed to the seasonal financing of crops.

Following are the totals for the last two years:

1943—	$	1942—	$
July 31	149,800,000	July 31	305,300,000
Jun 30	143,300,000	Jun 30	315,200,000
May 29	159,600,000	May 29	354,200,000
Apr 30	178,900,000	Apr 30	373,100,000
Mar 31	200,600,000	Mar 31	384,300,000
Feb 27	209,100,000	Feb 28	388,400,000
Jan 30	220,400,000	Jan 31	380,600,000
1942—		1941—	
Dec 31	229,900,000	Dec 31	374,500,000
Nov 30	260,600,000	Nov 29	387,100,000
Oct 31	271,400,000	Oct 31	377,700,000
Sep 30	281,800,000	Sep 30	370,500,000
Aug 31	297,200,000	Aug 30	353,900,000

Civil Engineering Construction $31,773,000 For Week

Civil engineering construction volume in continental United States totals $31,773,000 for the week. This volume, not including the construction by military combat engineers, American contracts outside the country, and shipbuilding, is 33% lower than in the preceding week, and 84% below the total for the corresponding 1942 week as reported by "Engineering News-Record" on Aug. 12. Private construction is 47% lower than a week ago, and 69% below a year ago. Public work declines 31% from last week despite the 48% gain in state and municipal construction, as Federal work is down 37%. Both state and municipal volume and Federal construction are under last year, and are responsible for the 85% decrease in public construction. The report went on to say:

The current week's volume brings 1943 construction to $2,141,802,000, an average of $66,931,000 for each of the 32 weeks. On the weekly average basis, 1943 volume is 66% lower than the $6,471,393,000 for the 33-week period last year. Private construction, $264,897,000, is 35% lower than in 1942, and public work, $1,876,905,000, is down 68% when adjusted for the difference in the number of weeks reported.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	Aug. 13, '42	Aug. 5, '43	Aug. 12, '43
Total U. S. Construction	$200,600,000	$47,489,000	$31,773,000
Private Construction	10,889,000	6,330,000	3,379,000
Public Construction	189,711,000	41,159,000	28,394,000
State and Municipal	6,744,000	3,110,000	4,613,000
Federal	182,967,000	38,049,000	23,781,000

In the classified construction groups, gains over last week are in waterworks, bridges, industrial buildings, earthwork and drainage, and streets and roads. All classes of work are below their respective totals of a year ago. Subtotals for the week in each class of construction are: waterworks, $623,000; sewerage, $767,000; bridges, $654,000; industrial buildings, $1,025,000; commercial building and large-scale private housing, $2,067,000; public buildings, $11,492,000; earthwork and drainage, $1,509,000; streets and roads, $5,165,000; and unclassified construction, $8,471,000.

New capital for construction purposes for the week totals $3,185,000, an increase of 212% over the total for the corresponding week in 1942. The current total is made up entirely of state and municipal bond sales.

New construction financing for the 32 weeks of 1943, $2,924,770,000, is 68% below the $9,509,648,000 for the 33-week period in 1942.

Electric Output For Week Ended Aug. 14, 1943, Shows 17.3% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Aug. 14, 1943, was approximately 4,287,827,000 kwh., compared with 3,654,795,000 kwh. in the corresponding week last year, an increase of 17.3%. The output for the week ended Aug. 7, 1943, was 16.6% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Aug. 14	Aug. 7	July 31	July 24
New England	5.8	8.7	6.70	9.3
Middle Atlantic	18.3	19.6	17.6	17.5
Central Industrial	16.3	15.8	14.1	13.6
West Central	17.1	14.3	14.2	12.3
Southern States	19.1	16.6	16.0	17.6
Rocky Mountain	20.5	15.4	16.5	10.2
Pacific Coast	19.1	18.6	21.1	20.6
Total United States	17.3	16.6	15.8	15.7

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
May 1	3,866,721	3,304,602	+17.0	2,944,906	1,429,032	1,688,434
May 8	3,903,723	3,365,208	+16.0	3,003,921	1,436,928	1,698,94[illegible]
May 15	3,969,161	3,356,921	+18.2	3,011,345	1,435,731	1,704,426
May 22	3,992,250	3,379,985	+18.1	3,040,029	1,425,151	1,705,460
May 29	3,990,040	3,322,651	+20.1	2,954,647	1,381,452	1,615,085
Jun 5	3,925,893	3,372,374	+16.4	3,076,323	1,435,471	1,689,925
Jun 12	4,040,376	3,463,528	+16.7	3,101,291	1,441,532	1,699,227
Jun 19	4,098,401	3,433,711	+19.4	3,091,672	1,440,541	1,702,501
Jun 26	4,120,038	3,457,024	+19.2	3,156,825	1,456,961	1,723,428
July 3	4,110,793	3,424,188	+20.1	2,903,727	1,341,730	1,592,075
July 10	3,919,398	3,428,916	+14.3	3,178,054	1,415,704	1,711,625
July 17	4,184,143	3,565,367	+17.4	3,199,105	1,433,993	1,727,225
July 24	4,196,357	3,625,645	+15.7	3,220,526	1,440,386	1,732,031
July 31	4,226,705	3,649,146	+15.8	3,263,082	1,426,986	1,724,728
Aug 7	4,240,638	3,637,070	+16.6	3,233,242	1,415,122	1,729,667
Aug 14	4,287,827	3,654,795	+17.3	3,238,160	1,431,910	1,733,110

Non-Ferrous Metals—Available Supplies Exceeded By Requests For Critical Materials

Editor's Note.—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of August 12 stated: "Requests for critical materials under CMP for the fourth quarter still outrun available supplies, Donald M. Nelson, head of WPB, said last week. He referred to copper as being particularly adversely affected, owing to manpower shortages. J. A. Krug, chairman of the Requirements Committee, pointed out that the over-all reduction in claimants, fourth-quarter requests amounted to only 13%, which compares with a reduction of 25% in third-quarter allotments to keep production schedules within available supplies. The publication further went on to say:

Copper

Interest in copper centers in the labor situation at the mines, smelters, and fabricating plants. Some mines have been notified by the Army that extra manpower will soon be available.

Copper allocations for September will be released about the middle of the current month. With brass scrap and ample supply, requests for copper by the brass mills may be reduced, the trade believes.

Canada produced 270,600 tons of refined copper in 1942, according to the Wartime Information Board, the equivalent of 12½% of the United Nations' supply. In 1939, Canada produced 232,000 tons.

Lead

Buying of lead increased appreciably during the last week, in line with expectations. Consumers responded to the request for earlier consideration on their September needs. The question of allocating foreign lead for next month will be considered at a meeting to be held in New York with WPB officials on Aug. 16.

Sales of common lead for the last week were about 3½ times that of the week previous. The price situation was unchanged.

Sellers of solder and babbitt have been authorized by OPA to add to their prices increased costs resulting from the use of Treasury silver.

Canada produced 243,800 tons of lead in 1942, against 191,000 tons in 1939, the Wartime Information Board stated.

Zinc

The labor situation in the mining areas is expected to show some improvement before the end of September, following action by the Army to release miners from the service. However, smelters also are confronted with a labor problem. So far, although mine production has been substantially less than capacity, the domestic mines plus imports have been able to furnish all the concentrates smelters could handle. Smelter production of slab zinc could be increased if more labor could be obtained.

The American Zinc Institute last week came out for postwar stockpiling.

Production of zinc in Canada during 1942 was reported officially as 216,000 tons. This compares with an output of 175,600 tons in 1939.

Aluminum

Production of aluminum in government-owned plants operated by Aluminum Company of America exceeds the metal output of the company's own plants, and within a few months government-owned plants will account for an annual output of about 1,100,000,000 lb., according to C. C. Carr, of Alcoa. Capacity to produce aluminum in the United States will, within a few months, exceed 2,100,000,000 lb. a year. The Government according to Jesse Jones, has invested $760,000,000 in aluminum facilities.

Tin

London Tin Corp., in its report for the year ended April 30, 1943, states that a high rate of output was maintained throughout the period at its Nigerian tin properties. This was accomplished in spite of moving the plant and a subsequent shortage of water and power. Another Nigerian producer reports an increase in output of approximately 9%. In 1939 and 1940, Nigerian production of tin contained in ore averaged around 10,500 long tons a year. Under the new agreement, Nigeria's quota is set at 15,367 tons a year.

Production of cold reduced tinplate during the first half of 1943 was 1,076,259 tons, according to the American Iron and Steel Institute. This was at the rate of 56.5% of capacity.

Straits quality tin for shipment was as follows:

	August	Sept.	Oct.
Aug. 5	52.000	52.000	52.000
Aug. 6	52.000	52.000	52.000
Aug. 7	52.000	52.000	52.000
Aug. 9	52.000	52.000	52.000
Aug. 10	52.000	52.000	52.000
Aug. 11	52.000	52.000	52.000

Chinese, or 99% tin, continues at 51.125c. a pound.

Vanadium

The supply position of vanadium has eased moderately and WPB now permits limited use of the metal by tool steel producers in the manufacture of tool steel other than high speed steel.

Quicksilver

Some consumers are showing concern about world political developments in that they are not entering into any long-term contracts for the metal. It begins to look as if large consumers will lean more heavily on Metals Reserve for their quicksilver supplies. The price in New York continues unchanged at $196@$198 per flask.

Silver

Silver scrap produced by manufacturers of semi-fabricated items and sold as Treasury or domestic casting metal under Conservation Order M-199, as amended July 29, may be priced on a higher basis now specifically provided for those classifications. Previously, all silver scrap was priced as foreign silver. The revised ceiling for Treasury or domestic silver sold as casting metal is the seller's March 1942 price, plus 36.125c. an ounce troy of contained silver. This change is authorized in Amendment 14 to the price regulation, effective Aug. 14.

The London price during the last week continued at 23½d. The New York Official for foreign silver was unchanged at 44¾c.

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Aug. 13 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended July 31, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended July 31 (in round-lot transaction) totaled 3,023,670 shares, which amount was 16.98% of the total transactions on the Exchange of 8,903,940 shares. This compares with member trading during the week ended July 24 of 1,598,833 shares, or 16.54% of total trading of 5,086,320 shares. On the New York Curb Exchange, member trading during the week ended July 31 amounted to 490,885 shares, or 16.20% of the total volume of that exchange of 1,515,140 shares; during the July 24 week trading for the account of Curb members of 353,340 shares was 13.13% of total trading of 1,364,460.

Total Round-Lot Stock Sales on the New York Stock Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 31, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	180,940	
‡Other sales	8,723,000	
Total sales	8,903,940	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	862,720	
Short sales	88,820	
‡Other sales	766,750	
Total sales	855,570	9.65
2. Other transactions initiated on the floor—		
Total purchases	237,960	
Short sales	18,800	
‡Other sales	373,400	
Total sales	392,200	4.10
3. Other transactions initiated off the floor—		
Total purchases	287,780	
Short sales	22,000	
‡Other sales	265,440	
Total sales	287,440	3.23
4. Total—		
Total purchases	1,488,460	
Short sales	129,620	
‡Other sales	1,405,590	
Total sales	1,535,210	16.98

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 31, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	9,600	
‡Other sales	1,505,540	
Total sales	1,515,140	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	157,680	
Short sales	6,540	
‡Other sales	151,215	
Total sales	157,755	10.41
2. Other transactions initiated on the floor—		
Total purchases	37,175	
Short sales	300	
‡Other sales	41,995	
Total sales	42,295	2.62
3. Other transactions initiated off the floor—		
Total purchases	41,170	
Short sales	200	
‡Other sales	54,610	
Total sales	54,810	3.17
4. Total—		
Total purchases	236,025	
Short sales	7,040	
‡Other sales	247,820	
Total sales	254,860	16.20
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	25	
§Customers' other sales	54,181	
Total purchases	54,206	
Total sales	53,090	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

National Fertilizer Association Commodity Price Average Again Advances

Wholesale commodity prices again advance fractionally, according to the price index compiled by The National Fertilizer Association and made public on Aug. 16. In the week ended August 14 this index advanced to 135.0 from 134.8 in the preceding week. It was 134.7 a month ago, and 128.6 a year ago, based on the 1935-1939 average as 100. The Associations report continued as follows:

The advance in the all-commodity index was due principally to advances in the farm products and food groups. The farm product price index continued its upward trend as four items advanced and eight declined. The rise in cotton, hogs, and eggs, however, more than offset the eight declines in the grains group. The foods group continued upward with a rise in eggs and potatoes. There was a slight advance in linseed meal, which was sufficient to cause a slight change in the index number for the miscellaneous commodities group. The advance in cotton did not effect a change in the price index for the textiles group. The fact that there were more declines than advances did not prevent the total average from rising.

Although the index advanced, six of the price series advanced and eight declined; in the preceding week there were 11 advances and three declines; and in the second preceding week there were six advances and six declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Aug. 14, 1943	Preceding Week Aug. 7, 1943	Month Ago July 17, 1943	Year Ago Aug. 15, 1942
25.3	Foods	138.6	138.0	138.0	128.5
	Fats and Oils	145.6	145.6	145.1	140.3
	Cottonseed Oil	160.7	160.7	159.0	158.4
23.0	Farm Products	154.4	154.0	152.3	139.4
	Cotton	195.9	195.5	199.8	174.6
	Grains	145.0	146.5	145.7	112.5
	Livestock	150.3	149.0	145.6	140.1
17.3	Fuels	122.8	122.8	122.8	118.8
10.8	Miscellaneous commodities	130.2	130.1	130.1	127.0
8.2	Textiles	150.6	150.6	151.2	146.9
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.5	152.5	152.6	151.5
1.3	Chemicals and drugs	126.6	126.6	126.6	120.7
.3	Fertilizer materials	117.7	117.7	117.7	117.8
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	135.0	134.8	134.6	128.6

*Indexes on 1926-1928 base were Aug. 14, 1943, 105.1; Aug. 7, 105.0; and Aug. 15, 1942, 100.1.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Aug 17	120.24	111.25	119.20	117.00	111.62	99.04	103.30	113.89	117.20
16	120.29	111.25	119.20	117.00	111.62	99.04	103.30	113.89	117.20
14	120.29	111.25	119.20	117.00	111.62	99.04	103.30	113.89	117.20
13	120.29	111.25	119.20	116.80	111.62	99.04	103.30	113.89	117.20
12	120.32	111.25	119.20	116.80	111.62	99.04	103.30	114.08	117.00
11	120.40	111.25	119.20	116.80	111.81	99.04	103.30	114.08	117.20
10	120.38	111.44	119.20	117.00	111.81	99.04	103.30	114.08	117.20
9	120.27	111.25	119.20	116.80	111.62	99.04	103.30	114.08	117.20
7	120.19	111.25	119.20	117.00	111.62	99.04	103.13	114.08	117.40
6	120.19	111.25	119.20	117.00	111.62	99.04	103.13	114.08	117.20
5	120.19	111.25	119.41	117.00	111.44	99.04	103.30	114.08	117.20
4	120.19	111.44	119.41	117.00	111.44	99.20	103.30	114.08	117.40
3	120.19	111.25	119.20	117.00	111.44	99.04	103.13	114.08	117.20
2	120.19	111.25	119.20	117.00	111.44	99.04	103.13	114.08	117.20
July 30	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20
23	120.51	111.25	119.20	116.80	111.44	99.20	103.30	114.08	117.00
16	120.46	111.25	119.20	116.80	111.44	99.20	103.13	114.08	117.20
9	120.73	111.07	119.20	116.61	111.25	98.88	102.80	114.08	117.00
2	120.75	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61
Jun 25	120.41	110.70	118.80	116.22	111.07	98.09	102.46	113.70	116.61
18	120.15	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
11	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
4	119.92	110.34	118.40	115.82	111.07	97.78	102.30	113.50	116.02
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
21	119.44	110.15	118.20	115.82	110.70	97.47	101.97	113.12	115.82
14	119.27	109.97	118.00	115.63	110.70	97.47	101.80	113.12	115.82
7	119.03	109.79	118.00	115.43	110.52	97.16	101.47	112.93	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago Aug. 17, 1942	117.88	106.92	116.80	113.31	108.16	91.91	96.23	111.44	114.08
2 Years ago Aug. 16, 1941	118.88	107.62	118.00	115.04	108.70	91.77	97.16	112.00	115.04

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus.
Aug 17	1.83	3.10	2.69	2.80	3.08	3.81	3.55	2.96	2.79
16	1.83	3.10	2.69	2.80	3.08	3.81	3.55	2.96	2.79
14	1.83	3.10	2.69	2.80	3.08	3.81	3.55	2.96	2.79
13	1.83	3.10	2.69	2.81	3.08	3.81	3.55	2.96	2.79
12	1.83	3.10	2.69	2.81	3.08	3.81	3.55	2.95	2.80
11	1.83	3.10	2.69	2.81	3.07	3.81	3.55	2.95	2.79
10	1.83	3.09	2.69	2.80	3.07	3.81	3.55	2.95	2.79
9	1.83	3.10	2.69	2.81	3.08	3.81	3.55	2.95	2.79
7	1.84	3.10	2.69	2.80	3.08	3.81	3.56	2.95	2.78
6	1.84	3.10	2.69	2.80	3.08	3.81	3.56	2.95	2.79
5	1.84	3.10	2.68	2.80	3.09	3.81	3.55	2.95	2.79
4	1.84	3.09	2.68	2.80	3.09	3.80	3.55	2.95	2.78
3	1.84	3.10	2.69	2.80	3.09	3.81	3.56	2.95	2.79
2	1.84	3.10	2.69	2.80	3.09	3.81	3.56	2.95	2.79
July 30	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
23	1.81	3.10	2.69	2.81	3.09	3.80	3.55	2.95	2.80
16	1.82	3.10	2.69	2.81	3.09	3.80	3.56	2.95	2.79
9	1.80	3.11	2.69	2.82	3.10	3.82	3.58	2.95	2.80
2	1.80	3.13	2.71	2.84	3.10	3.86	3.60	2.97	2.82
Jun 25	1.82	3.13	2.71	2.84	3.11	3.87	3.60	2.97	2.82
18	1.84	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
11	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
4	1.87	3.15	2.73	2.86	3.11	3.89	3.61	2.98	2.85
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
21	1.90	3.16	2.74	2.86	3.13	3.91	3.63	3.00	2.86
14	1.92	3.17	2.75	2.87	3.13	3.91	3.64	3.00	2.86
7	1.93	3.18	2.75	2.88	3.14	3.93	3.66	3.01	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago Aug. 17, 1942	2.02	3.34	2.81	2.99	3.27	4.28	3.99	3.09	2.95
2 Years ago Aug. 16, 1941	1.96	3.30	2.75	2.90	3.24	4.29	3.93	3.06	2.90

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

NYSE Short Interest Lower On July 30

The New York Stock Exchange announced on Aug. 11 that the short interest as of the close of business on the July 30 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 836,764 shares, compared with 879,575 shares on June 30, both totals excluding short positions carried in the odd-lot account of all odd-lot dealers. As of July 30 settlement date, the total short interest in all odd-lot dealers' accounts was 36,489 shares, compared with 32,630 shares on June 30.

The Exchange's announcement further stated:

"Of the 1,235 individual stock issues listed on the Exchange on July 30, there were 47 issues, in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.

"The number of issues in which a short interest was reported as of July 30, exclusive of odd-lot dealers' short positions, was 636 compared with 607 on June 30."

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1941—	
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
April 30	530,636
May 29	534,396
June 30	514,158
July 31	*517,422
Aug. 31	532,867
Sept. 30	548,365
Oct. 30	558,446
Nov. 30	551,053
Dec. 31	501,833
1943—	
Jan. 29	579,394
Feb. 26	663,750
Mar. 31	774,871
April 30	882,376
May 28	980,047
June 30	879,575
July 30	836,764

*Revised.

Money In Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve Banks and agents. The figures this time are for June 30, 1943, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $17,421,261,974 as against $17,113,731,415 on May 31, 1943, and $12,382,866,105 on June 30, 1942 and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is on June 30, 1914, the total was $3,459,434,174.

Moody's Daily Commodity Index

Tuesday, Aug. 10	245.1
Wednesday, Aug. 11	245.1
Thursday, Aug. 12	245.0
Friday, Aug. 13	245.3
Saturday, Aug. 14	245.1
Monday, Aug. 16	244.5
Tuesday, Aug. 17	244.6
Two weeks ago, Aug. 3	244.7
Month ago, July 17	243.6
Year ago, Aug. 17	230.9
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Daily Average Crude Oil Production For Week Ended August 7, 1943 Up 69,300 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended August 7, 1943 was 4,202,600 barrels, a gain of 69,300 barrels over the preceding week and 232,150 barrels per day more than produced in the week ended August 8, 1942. The current figure, however, is 222,000 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of August, 1943. Daily output for the four weeks ended August 7, 1943 averaged 4,139,450 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 3,776,000 barrels of crude oil daily and produced 10,791,000 barrels of gasoline; 1,021,000 barrels of kerosene; 3,677,000 barrels of distillate fuel oil, and 7,850,000 barrels of residual fuel oil during the week ended Aug. 7, 1943; and had in storage at the end of that week 73,368,000 barrels of gasoline; 9,485,000 barrels of kerosene; 36,344,000 barrels of distillate fuel, and 66,714,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations August	*State Allowables Begin. Aug. 1	Actual Production Week Ended Aug. 7, 1943	Change from Previous Week	4 Weeks Ended Aug. 7, 1943	Week Ended Aug. 8, 1942
Oklahoma	347,000	358,000	†329,900	— 3,600	331,000	389,200
Kansas	300,000	290,000	†277,700	—28,450	295,900	256,250
Nebraska	2,100	------	†2,000	— 200	2,150	3,550
Panhandle Texas			90,300	— 100	90,350	100,000
North Texas			140,400	+ 2,700	138,400	139,100
West Texas			258,400	+12,800	248,800	247,850
East Central Texas			129,800	+ 1,800	128,450	91,550
East Texas			371,000	----	371,000	420,000
Southwest Texas			238,600	+ 8,600	232,150	184,650
Coastal Texas			474,250	+61,350	428,250	300,950
Total Texas	1,817,000	‡1,817,937	1,702,750	+87,150	1,637,400	1,484,100
North Louisiana			83,600	— 900	84,600	97,200
Coastal Louisiana			268,500	+ 4,500	265,100	234,700
Total Louisiana	356,300	380,300	352,100	+ 3,600	349,700	331,900
Arkansas	75,500	80,052	76,850	— 550	77,200	72,550
Mississippi	50,000		48,400	— 4,850	51,650	75,200
Illinois	222,800		227,000	+ 8,150	217,800	281,650
Indiana	14,000		14,700	+ 850	13,750	19,050
Eastern—Not incl. Ill., Ind. Ky.)	86,500		74,200	— 6,850	77,350	81,500
Kentucky	25,000		23,700	— 1,350	23,350	10,900
Michigan	60,100		55,400	— 2,500	56,250	62,400
Wyoming	98,000		101,350	+ 1,350	97,900	91,900
Montana	23,300		21,450	----	21,150	23,250
Colorado	7,000		6,900	— 400	7,250	6,600
New Mexico	110,000	110,000	104,000	+ 50	104,000	70,650
Total East of Calif.	3,594,600		3,418,400	+52,400	3,363,800	3,260,650
California	830,000	§830,000	784,200	+16,900	775,650	709,800
Total United States	4,424,600		4,202,600	+69,300	4,139,450	3,970,450

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would. under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in May, 1943, as follows: Oklahoma, 26,600; Kansas, 5,100; Texas, 107,400; Louisiana, 18,400; Arkansas, 3,800; Illinois, 11,100; Eastern (not including Illinois, Indiana or Kentucky). 7,300; Kentucky, 2,600; Michigan, 100; Wyoming, 2,100; Montana, 300; New Mexico, 5,100; California, 45,300.

†Oklahoma, Kansas, Nebraska figures are for week ended 7 a.m. Aug. 5, 1943.

‡This is the net basic allowable as of Aug. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 15 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED AUG. 7, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	% Reporting	Crude Runs to Stills Daily Average	% Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	1,766	72.3	4,649	30,185	15,161	14,392
Appalachian—								
District No. 1	130	83.9	90	69.2	267	1,218	937	393
District No. 2	47	87.2	46	97.9	123	681	130	165
Ind., Ill., Ky.	824	85.2	713	86.5	2,588	14,607	5,643	3,297
Okla., Kans., Mo.	416	80.1	320	76.9	1,117	6,004	2,111	1,696
Rocky Mountain—								
District No. 3	8	26.9	8	100.0	29	51	6	31
District No. 4	139	57.7	82	59.0	262	1,472	354	645
California	817	89.9	751	91.9	1,756	19,150	12,002	46,095
Tot. U. S. B. of M. basis Aug. 7, 1943	4,825	86.4	3,776	78.3	10,791	†73,368	36,344	66,714
Tot. U. S. B. of M. basis July 31, 1943	4,825	86.4	3,788	78.5	11,127	74,977	36,363	66,877
U. S. Bur. of Mines basis Aug. 8, 1942			3,574		11,125	79,559	39,372	78,316

*At the request of the Petroleum Administration for War. †Finished, 63,216,000 barrels; unfinished, 10,152,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,021,000 barrels of kerosene, 3,677,000 barrels of gas oil and distillate fuel oil and 7,850,000 barrels of residual fuel oil produced during the week ended Aug. 7, 1943, which compares with 1,187,000 barrels, 3,765,000 barrels and 8,478,000 barrels, respectively, in the preceding week and 1,206,000 barrels, 3,850,000 barrels and 6,875,000 barrels, respectively, in the week ended Aug. 8, 1942.

Note—Stocks of kerosene amounted to 9,485,000 barrels at Aug. 7, 1943, against 9,296,000 barrels a week earlier and 11,214,000 barrels a year before.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Aug. 13 a summary for the week ended Aug. 7 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Aug. 7, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of Orders	22,043
Number of Shares	604,197
Dollar Value	21,384,315
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	286
*Customers' other sales	17,829
Customers' total sales	18,115
Number of Shares:	
Customers' short sales	8,261
*Customers' other sales	491,402
Customers' total sales	499,663
Dollar value	16,420,671
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	40
†Other sales	94,060
Total sales	94,100
Round-Lot Purchases by Dealers—	
Number of shares	187,660

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Revenue Freight Car Loadings During Week Ended August 7, 1943, Decreased 13,437 Cars

Loading of revenue freight for the week ended Aug. 7, 1943 totaled 872,077 cars, the Association of American Railroads announced on August 2. This was an increase above the corresponding week of 1942 of 21,856 cars, or 2.6%, but a decrease below the same week in 1941, of 6,428 cars or 0.7%.

Loading of revenue freight for the week of Aug. 7, decreased 13,437 cars, or 1.5% below the preceding week.

Miscellaneous freight loading totaled 377,945 cars, a decrease of 8,094 cars below the preceding week, and a decrease of 9,597 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 98,974 cars, an increase of 268 cars above the preceding week, and an increase of 9,792 cars above the corresponding week in 1942.

Coal loading amounted to 173,134 cars, a decrease of 4,983 cars below the preceding week, but an increase of 9,656 cars above the corresponding week in 1942.

Grain and grain products loading totaled 57,910 cars, a decrease of 643 cars below the preceding week, but an increase of 15,955 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Aug. 7, totaled 42,191 cars, a decrease of 462 cars below the preceding week but an increase of 14,712 cars above the corresponding week in 1942.

Live stock loading amounted to 14,149 cars, a decrease of 121 cars below the preceding week, but an increase of 2,026 cars above the corresponding week in 1942. In the Western District alone, loading of live stock for the week of Aug. 7, totaled 10,141 cars, an increase of 38 cars above the preceding week, and an increase of 1,271 cars above the corresponding week in 1942.

Forest products loading totaled 47,590 cars, a decrease of 598 cars below the preceding week and a decrease of 5,437 cars below the corresponding week in 1942.

Ore loading amounted to 88,048 cars, an increase of 1,344 cars above the preceding week but a decrease of 988 cars below the corresponding week in 1942.

Coke loading amounted to 14,327 cars, a decrease of 610 cars below the preceding week, but an increase of 449 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942, except the Southern but all districts reported decreases compared with 1941 except the Centralwestern & Southwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
5 weeks of May	4,149,708	4,170,548	4,160,060
4 weeks of June	3,151,146	3,385,655	3,510,057
5 weeks of July	4,307,406	4,185,135	4,295,457
Week of Aug. 7	872,077	850,221	878,505
Total	25,276,505	26,098,757	25,024,694

The following table is a summary of the freight carloadings for the separate railroads and systems for the weeks ended July 31, 1943, and Aug. 7, 1943. During the first period 63 roads showed increases when compared with the corresponding week in 1942, while during the second period 65 roads reported gains over the week ended Aug. 8, 1942.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS

(NUMBER OF CARS—WEEKS ENDED JULY 31 AND AUG. 7)

Railroads	Week Ended July 31 — Total Revenue Freight Loaded 1943	1942	1941	Total Loads Received from Connections 1943	1942	Week Ended Aug. 7 — Total Revenue Freight Loaded 1943	1942	1941	Total Loads Received from Connections 1943	1942
Eastern District—										
Ann Arbor	235	397	614	1,560	1,306	255	389	587	1,675	1,271
Bangor & Aroostook	939	1,045	1,081	423	174	954	1,027	921	255	187
Boston & Maine	6,394	6,010	9,000	14,789	13,410	6,348	5,929	8,917	14,232	13,839
Chicago, Indianapolis & Louisville	1,432	1,441	1,684	2,106	1,881	1,404	1,359	1,632	2,225	1,772
Central Indiana	29	27	28	50	59	22	29	14	39	53
Central Vermont	1,078	943	1,573	2,623	2,701	725	1,036	1,555	2,198	2,528
Delaware & Hudson	6,717	6,635	7,272	12,105	11,352	6,582	6,617	7,161	11,957	11,481
Delaware, Lackawanna & Western	7,909	7,628	10,189	13,183	10,273	7,693	7,402	10,277	12,394	10,371
Detroit & Mackinac	190	233	344	122	111	182	346	414	104	124
Detroit, Toledo & Ironton	2,112	1,547	2,399	1,438	1,172	2,025	1,511	2,442	1,317	1,273
Detroit & Toledo Shore Line	290	327	275	2,463	2,926	329	307	290	2,500	2,915
Erie	14,448	13,186	15,904	17,608	16,687	13,247	12,800	15,048	17,458	15,640
Grand Trunk Western	3,743	3,676	5,005	7,753	7,672	3,627	4,007	4,189	7,876	7,798
Lehigh & Hudson River	158	141	176	2,607	3,450	151	146	157	2,954	3,260
Lehigh & New England	2,090	2,178	2,335	1,854	1,973	2,103	2,258	2,504	1,837	2,042
Lehigh Valley	9,052	8,788	10,520	15,733	13,080	8,451	9,049	10,320	14,780	11,447
Maine Central	2,284	2,292	3,135	2,651	2,431	2,370	2,265	3,241	2,221	2,487
Monongahela	6,388	6,449	5,909	381	333	6,377	6,385	6,640	427	338
Montour	2,245	2,403	2,431	82	29	2,332	2,305	2,444	174	28
New York Central Lines	56,789	46,323	51,034	58,162	56,653	56,148	46,782	49,181	58,508	55,789
N. Y., N. H. & Hartford	9,903	9,226	12,162	18,520	19,340	9,355	9,447	11,964	19,013	19,374
New York, Ontario & Western	1,280	1,025	1,212	2,542	2,586	1,265	961	1,238	2,768	2,379
New York, Chicago & St. Louis	7,561	7,285	7,541	16,957	15,995	7,018	7,094	7,234	15,685	15,456
N. Y., Susquehanna & Western	460	408	510	2,713	1,349	512	310	538	2,416	1,837
Pittsburgh & Lake Erie	7,686	8,029	8,701	9,041	8,452	7,704	7,631	8,287	9,137	8,641
Pere Marquette	5,017	5,291	6,044	8,102	6,482	4,916	5,166	5,627	7,972	6,372
Pittsburg & Shawmut	906	750	857	25	25	901	804	664	19	22
Pittsburg, Shawmut & North	426	349	459	309	305	406	372	439	319	285
Pittsburgh & West Virginia	998	1,232	1,148	3,597	3,489	1,036	1,151	1,240	3,602	3,559
Rutland	350	338	553	1,071	1,086	319	371	562	1,143	978
Wabash	5,404	5,651	6,062	13,075	13,220	5,721	5,684	6,108	13,575	13,005
Wheeling & Lake Erie	5,293	5,507	5,628	5,403	4,906	5,211	5,202	5,883	6,154	4,999
Total	169,806	156,760	181,785	239,048	224,908	165,689	156,142	177,718	236,934	221,550
Allegheny District—										
Akron, Canton & Youngstown	798	643	766	1,136	984	764	627	847	1,107	1,031
Baltimore & Ohio	43,718	43,431	41,780	30,957	26,038	43,716	41,960	42,620	30,264	26,003
Bessemer & Lake Erie	6,066	6,538	6,280	2,049	2,756	6,002	7,173	6,825	2,067	2,930
Buffalo Creek & Gauley	*278	281	328	*3	2	*289	281	301	*5	5
Cambria & Indiana	1,832	2,025	1,699	6	9	1,755	1,930	1,916	3	8
Central R. R. of New Jersey	7,325	7,157	8,422	22,725	19,207	7,236	7,410	8,535	20,905	20,342
Cornwall	686	574	689	53	52	648	658	659	30	47
Cumberland & Pennsylvania	227	278	320	18	11	238	280	321	10	16
Ligonier Valley	133	138	122	42	42	146	125	128	21	29
Long Island	1,857	944	881	3,741	3,517	1,942	1,006	896	3,919	3,485
Penn-Reading Seashore Lines	1,720	1,754	1,843	2,891	2,242	1,895	1,729	1,773	2,780	2,317
Pennsylvania System	90,013	83,938	89,373	70,106	65,065	85,149	83,239	87,279	66,561	64,642
Reading Co.	16,356	15,020	17,064	29,082	28,310	16,591	14,412	18,067	29,174	28,582
Union (Pittsburgh)	22,072	21,050	19,584	7,563	7,209	20,978	21,202	19,059	7,184	7,841
Western Maryland	4,344	4,195	3,979	12,501	13,234	4,643	4,007	4,317	13,246	13,454
Total	197,425	187,966	193,130	182,873	168,678	191,992	186,039	193,543	177,276	170,732
Pocahontas District—										
Chesapeake & Ohio	29,015	28,893	28,930	14,094	13,873	28,188	27,373	29,405	14,329	12,945
Norfolk & Western	22,885	23,358	24,792	7,605	6,749	23,317	23,530	24,648	6,764	6,641
Virginian	5,016	4,835	4,657	2,225	1,965	4,740	4,342	4,630	2,119	2,075
Total	56,916	57,086	58,379	23,924	22,587	55,245	55,245	58,683	23,212	21,661

Railroads	Week Ended July 31 — Total Revenue Freight Loaded			Total Loads Received from Connections		Week Ended Aug. 7 — Total Revenue Freight Loaded			Total Loads Received from Connections	
Southern District—	1943	1942	1941	1943	1942	1943	1942	1941	1943	1942
Alabama, Tennessee & Northern	271	389	359	399	320	331	352	391	370	398
Atl. & W. P.—W. R. R. of Ala.	631	914	1,066	2,840	3,193	715	808	930	2,901	3,041
Atlanta, Birmingham & Coast	848	1,057	1,227	1,226	1,044	943	969	944	1,104	1,007
Atlantic Coast Line	11,368	10,266	9,521	9,728	9,786	10,903	10,511	9,760	10,081	10,021
Central of Georgia	3,784	3,972	5,209	4,120	3,820	3,778	3,768	4,635	4,125	3,927
Charleston & Western Carolina	372	597	647	1,668	1,377	447	490	623	1,493	1,549
Clinchfield	1,793	1,728	1,704	2,805	2,764	1,823	1,784	1,788	2,589	2,634
Columbus & Greenville	311	402	284	166	333	285	383	230	153	215
Durham & Southern	113	134	186	400	10,092	103	126	190	506	955
Florida East Coast	1,483	815	432	1,923	1,427	1,393	915	498	1,739	1,483
Gainesville Midland	48	36	36	74	109	46	46	33	98	103
Georgia	1,074	1,361	1,262	3,261	2,991	1,195	1,257	1,261	3,091	2,596
Georgia & Florida	491	639	432	557	483	698	675	604	528	455
Gulf, Mobile & Ohio	3,846	4,253	4,069	4,326	5,200	3,796	4,223	3,986	4,178	4,885
Illinois Central System	28,498	27,060	25,280	17,485	18,615	27,480	26,118	25,119	17,574	17,573
Louisville & Nashville	25,885	26,036	25,888	11,171	11,868	25,083	25,032	25,727	11,376	11,162
Macon, Dublin & Savannah	258	220	236	701	542	282	210	199	691	652
Mississippi Central	267	304	178	491	481	294	171	240	551	675
Nashville, Chattanooga & St. L.	3,284	3,061	3,443	4,749	4,762	3,176	2,841	3,352	4,322	4,441
Norfolk Southern	1,591	1,729	1,305	1,307	1,919	1,048	1,185	1,510	1,422	1,989
Piedmont Northern	350	335	494	1,015	1,155	385	316	492	1,096	1,229
Richmond, Fred. & Potomac	434	485	438	9,442	9,551	423	431	428	9,371	8,764
Seaboard Air Line	9,629	10,044	10,792	8,156	9,117	9,541	10,134	10,510	8,385	8,372
Southern System	22,076	24,665	25,609	23,615	23,067	22,170	24,400	25,968	23,100	22,772
Tennessee Central	520	670	517	895	848	538	529	537	798	814
Winston-Salem Southbound	100	100	148	829	873	101	116	144	1,163	985
Total	119,325	121,272	120,762	113,349	116,739	116,977	117,790	120,099	112,805	112,697
Northwestern District—										
Chicago & North Western	22,313	21,132	22,453	14,401	13,763	22,262	21,057	23,038	15,152	13,489
Chicago Great Western	2,849	2,160	2,705	2,820	3,195	3,210	2,236	2,812	3,121	3,128
Chicago, Milw., St. P. & Pac.	21,171	19,254	22,802	10,601	10,027	20,734	19,186	23,005	10,915	10,258
Chicago, St. Paul, Minn. & Omaha	4,191	3,233	3,997	3,933	3,525	4,213	3,344	4,087	4,095	3,773
Duluth, Missabe & Iron Range	27,336	30,239	25,709	481	523	29,108	30,432	25,800	287	432
Duluth, South Shore & Atlantic	1,024	1,161	1,234	631	775	973	757	1,112	608	799
Elgin, Joliet & Eastern	8,610	9,097	10,401	11,864	10,292	7,959	10,013	11,087	11,000	9,939
Ft. Dodge, Des Moines & South	448	555	530	102	163	441	521	524	98	118
Great Northern	26,935	27,196	25,257	5,711	5,729	26,185	27,515	26,700	6,041	5,470
Green Bay & Western	422	493	578	1,012	750	390	472	588	1,160	744
Lake Superior & Ishpeming	2,679	2,291	2,675	41	51	3,671	2,586	2,583	39	62
Minneapolis & St. Louis	2,027	2,156	1,997	2,477	2,243	2,001	2,288	1,936	2,412	2,203
Minn., St. Paul & S. S. M.	7,106	7,371	7,062	2,699	3,265	7,966	7,153	7,889	2,944	3,225
Spokane International	11,647	11,665	11,600	5,113	5,333	11,638	11,349	11,429	5,752	4,711
Northern Pacific	204	196	311	440	688	144	204	253	367	702
Spokane, Portland & Seattle	2,881	2,897	2,859	3,341	3,528	2,795	2,694	2,866	3,168	2,812
Total	141,843	141,096	142,161	65,667	63,850	143,690	141,867	145,709	67,159	61,865
Central Western District—										
Atch., Top. & Santa Fe System	21,339	23,955	22,547	12,054	12,062	21,355	22,680	22,526	11,803	12,003
Alton	5,367	3,380	3,680	4,454	4,406	*3,367	3,329	3,500	*4,454	4,455
Bingham & Garfield	462	698	711	108	123	569	698	645	78	100
Chicago, Burlington & Quincy	22,208	18,650	19,001	12,160	11,206	21,164	18,716	17,882	12,351	11,566
Chicago & Illinois Midland	3,000	2,616	2,765	850	948	3,089	2,480	2,760	1,024	833
Chicago, Rock Island & Pacific	13,064	12,772	13,678	11,952	11,965	11,796	12,210	13,657	12,026	11,704
Chicago & Eastern Illinois	2,520	2,251	2,899	5,372	4,250	2,678	2,146	2,801	5,658	4,035
Colorado & Southern	899	749	824	1,950	1,833	1,018	794	830	2,023	1,776
Denver & Rio Grande Western	3,990	3,743	3,449	6,513	5,873	4,146	3,710	3,398	6,987	6,285
Denver & Salt Lake	709	646	706	13	27	792	689	655	20	12
Fort Worth & Denver City	988	932	1,240	1,498	1,086	941	1,310	1,235	2,136	1,404
Illinois Terminal	1,856	1,518	2,008	2,389	2,617	1,829	1,452	2,092	2,038	2,592
Missouri-Illinois	1,207	1,313	1,136	462	369	1,202	1,355	1,073	499	410
Nevada Northern	1,962	2,105	1,911	114	134	1,785	2,126	1,847	146	128
North Western Pacific	959	1,245	1,193	902	668	1,209	1,217	1,263	1,073	726
Peoria & Pekin Union	11	6	12	0	0	10	12	16	---	---
Southern Pacific (Pacific)	33,399	32,409	31,496	13,303	10,029	32,521	31,030	31,124	13,420	10,424
Toledo, Peoria & Western	269	278	379	1,827	1,552	267	277	440	1,899	1,622
Union Pacific System	16,306	14,300	16,512	18,967	15,281	15,633	14,787	17,303	17,669	15,211
Utah	602	572	397	3	5	529	592	498	5	3
Western Pacific	2,604	2,271	1,771	4,723	4,058	2,197	2,429	2,089	4,881	4,328
Total	131,821	126,409	128,315	99,614	88,493	128,097	124,039	127,634	100,190	89,617
Southwestern District—										
Burlington-Rock Island	386	969	182	183	151	434	648	156	192	150
Gulf Coast Lines	4,504	4,242	3,361	3,124	2,347	5,299	4,206	3,069	2,878	2,194
International-Great Northern	1,840	2,737	2,077	3,316	2,613	2,290	2,782	1,820	3,344	2,724
Kansas, Oklahoma & Gulf	325	346	202	1,139	1,157	254	396	184	1,168	1,142
Kansas City Southern	4,876	4,094	2,727	2,771	3,238	5,021	4,874	2,532	2,572	3,075
Louisiana & Arkansas	3,206	4,456	2,173	3,218	2,469	3,401	4,169	2,240	3,403	2,493
Litchfield & Madison	349	291	322	1,516	1,243	391	285	357	1,313	1,331
Midland Valley	709	848	894	236	211	758	681	868	268	234
Missouri & Arkansas	207	147	153	430	337	162	171	153	422	356
Missouri-Kansas-Texas Lines	5,415	5,526	4,801	5,920	4,630	5,571	5,338	4,621	5,751	4,818
Missouri Pacific	17,325	17,303	17,568	18,758	19,415	16,813	16,519	16,492	18,892	19,635
Quanah Acme & Pacific	63	78	116	270	169	61	70	139	254	234
St. Louis-San Francisco	9,224	9,570	8,706	8,915	9,305	8,524	8,889	8,372	10,245	8,282
St. Louis Southwestern	2,703	3,054	2,694	7,319	6,064	2,735	2,597	2,609	7,829	6,647
Texas & New Orleans	11,762	13,559	7,458	5,766	4,991	13,598	12,166	7,626	5,340	4,789
Texas & Pacific	5,321	5,584	3,908	6,975	8,186	4,989	5,133	3,724	6,109	7,037
Wichita Falls & Southern	145	129	133	47	50	70	120	140	39	36
Weatherford M. W. & N. W.	18	54	15	31	20	16	55	17	22	25
Total	68,378	72,987	57,490	69,934	66,596	70,387	69,099	55,119	70,041	65,202

Note—Previous year's figures revised. *Previous week's figures.

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended August 7, 1943 is estimated at 11,800,000 net tons, indicating a decrease of 370,000 tons, or 3.0% from the preceding week. Output in the corresponding week of 1942 amounted to 11,090,000 tons. For the present year to August 7, soft coal production was 1.2% in excess of that for the same period in 1942.

The U. S. Bureau of Mines estimated that the total production of Pennsylvania anthracite for the week ended August 7, 1943 was 1,302,000 tons, a decrease of 75,000 tons (5.4%) from the preceding week. When compared with the output in the corresponding week of 1942 there was, however, an increase of 68,000 tons, or 5.5%. The calendar year to date shows a decrease of 0.5% when compared with the same period last year.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended August 7, 1943, showed an increase of 15,100 tons when compared with the output for the week ended July 31, 1943. The quantity of coke from beehive ovens decreased 4,100 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL
WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM
(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Aug. 7, 1943	†July 31, 1943	Aug. 8, 1942	‡Aug. 7, 1943	Aug. 8, 1942	Aug. 7, 1937
Total incl. mine fuel	11,800	12,170	11,090	349,408	345,433	264,168
Daily average	1,967	2,028	1,848	1,879	1,872	1,433
*Crude petroleum—						
Coal equivalent of weekly output	6,732	6,621	6,360	198,233	169,537	172,007

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, Review of 1940, page 775.) †Revised. ‡Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§Aug. 7, 1943	¶July 31, 1943	Aug. 8, 1942	Aug. 7, 1943	Aug. 8, 1942	Aug. 10, 1929
*Total incl. coll. fuel	1,302,000	1,377,000	1,234,000	36,141,000	36,339,000	41,886,000
†Commercial production	1,250,000	1,322,000	1,185,000	34,695,000	34,885,000	38,870,000
By-product coke—						
United States total	1,234,400	1,219,300	1,206,600	37,898,300	37,143,300	‡
Beehive coke—						
United States total	163,800	167,900	157,300	4,652,600	4,989,300	4,211,300

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended July 31, 1943	July 24, 1943	Aug. 1, 1942	Aug. 2, 1941	July 31, 1937	July avge. ¶1923
Alabama	390	396	367	352	264	389
Alaska	5	5	6	5	2	**
Arkansas and Oklahoma	88	88	89	79	58	74
Colorado	145	147	120	116	88	165
Georgia and North Carolina	1	††	1	1	††	**
Illinois	1,532	1,516	1,123	1,120	710	1,268
Indiana	527	490	473	430	234	415
Iowa	42	41	44	37	33	87
Kansas and Missouri	160	146	155	129	92	134
Kentucky—Eastern	1,008	1,010	970	937	745	735
Kentucky—Western	287	284	223	195	137	202
Maryland	34	35	37	37	29	42
Michigan	5	7	4	1	3	17
Montana (bituminous and lignite)	98	91	66	47	43	41
New Mexico	36	38	33	20	28	52
North and South Dakota (lignite)	39	34	20	22	13	**14
Ohio	639	697	681	614	395	854
Pennsylvania (bituminous)	2,941	2,944	2,817	2,764	2,035	3,680
Tennessee	133	114	133	132	97	113
Texas (bituminous and lignite)	3	2	8	6	23	23
Utah	113	110	112	73	48	87
Virginia	411	402	402	404	245	239
Washington	30	32	33	27	32	37
*West Virginia—Southern	2,334	2,303	2,280	2,271	1,903	1,519
†West Virginia—Northern	999	1,062	899	805	483	866
Wyoming	170	156	131	110	97	118
‡Other Western States	††	††	††	††	††	**4
Total bituminous and lignite	12,170	12,150	11,232	10,734	7,837	11,208
§Pennsylvania anthracite	1,377	1,326	1,251	1,299	611	1,950
Total all coal	13,547	13,476	12,483	12,033	8,448	13,158

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Lumber Movement—Week Ended Aug. 7, 1943

According to the National Lumber Manufacturers Association, lumber shipments of 471 mills reporting to the National Lumber Trade Barometer was 3.7% below production for the week ended August 7, 1943. In the same week new orders of these mills were 2.2% less than production. Unfilled order files in the reporting mills amounted to 105% of stocks. For reporting softwood mills, unfilled orders are equivalent to 41 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 9.3%; orders by 12.0%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 28.3% greater; shipments were 28.2% greater; and orders were 27.7% greater.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
May 1	147,212	135,924	525,287	89	92
May 8	165,871	153,934	522,336	96	92
May 15	177,968	151,653	561,571	96	93
May 22	142,673	152,960	548,911	96	93
May 29	151,308	150,504	545,673	95	93
Jun. 5	168,051	141,337	565,291	92	93
Jun. 12	172,437	149,675	586,183	97	93
Jun. 19	136,166	142,865	561,945	95	93
Jun. 26	133,808	145,324	547,301	96	93
July 3	179,835	144,232	580,683	92	93
July 10	111,912	100,115	573,342	69	93
July 17	151,993	140,803	587,181	91	93
July 24	136,881	148,852	572,786	97	93
July 31	153,646	150,337	571,705	97	93
Aug. 7	177,541	146,515	600,338	94	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Bank Debits For Month Of July

The Board of Governors of the Federal Reserve System issued on Aug. 11 its usual monthly summary of "bank debits," which we give below:

SUMMARY BY FEDERAL RESERVE DISTRICTS
(In millions of dollars)

Federal Reserve District—	July 1943	July 1942	3 Months Ended July 1943	July 1942
Boston	3,363	2,967	9,771	8,698
New York	26,305	20,317	82,066	61,252
Philadelphia	3,000	2,555	8,916	7,685
Cleveland	4,491	3,864	13,169	11,362
Richmond	2,454	2,255	7,129	6,517
Atlanta	2,249	1,859	6,589	5,447
Chicago	10,200	8,556	29,354	25,158
St. Louis	1,842	1,640	5,776	5,176
Minneapolis	1,303	1,023	3,760	2,987
Kansas City	2,315	1,866	6,578	5,194
Dallas	1,860	1,494	5,559	4,321
San Francisco	5,967	4,579	17,222	13,025
Total, 334 centers	65,348	52,975	196,488	156,822
*New York City	23,976	18,401	75,177	55,174
*140 other centers	34,955	28,968	102,515	85,402
193 other centers	5,417	5,605	18,796	16,246

*Included in the national series covering 141 centers, available beginning in 1919.

Items About Banks, Trust Companies

Eugene W. Stetson, President of the Guaranty Trust Co. of New York, announced on Aug. 13 the appointment of J. Brougham Wallace, Jr., and William C. Lang as Second Vice Presidents. Both were formerly Assistant Treasurers and with their new appointments continue to be identified with the Company's Banking Department. Mr. Wallace has been with the Guaranty since 1928 and the Banking Department district with which he is associated handles the Company's relationships in the States of New York, New Jersey, Maryland, Delaware, and the District of Columbia. Mr. Lang, who is with the Banking Department's Personal Division, has been associated with the bank for many years, having served with the National Bank of Commerce prior to its merger with the Guaranty in 1929.

The Treasury Department has designated the Manufacturers Trust Company of New York City as a Depositary and Financial Agent of the United States Government, to perform the following functions at the Brooklyn Navy Yard for the duration of the emergency.

1. Provide paying and receiving facilities for Navy personnel.
2. Furnish cash to disbursing officers of the Navy.
3. Accept deposits from disbursing officers of the Navy for credit to the account of the Treasury of the United States.
4. Sell cashier's checks and bank money orders.

The trust company's announcement also said:

"Manufacturers Trust Company will establish an office in the Brooklyn Navy Yard to carry out these functions. This office, which will be located near the Sands Street gate, will open for business on Wednesday, Aug. 18. In addition to rendering the services described here, this office will cash pay checks for Navy Yard employees without charge.

"It is expected the Manufacturers Trust Company will establish additional offices in the Brooklyn Navy Yard in the near future.

"Manufacturers Trust Company, through its 68 offices in Greater New York, serves over 600,000 customers. Resources of the bank are over one and one-half billion dollars."

George P. Kennedy, President of the Lafayette National Bank of Brooklyn in New York, announced on Aug. 13 that he has appointed Charles Suesens Manager of the Bay Parkway Branch at 6614 Bay Parkway, Brooklyn.

Francis B. Sears, former President of the Waltham (Mass.) National Bank, died on Aug. 11 in the Waltham Hospital. He was 61 years old. Mr. Sears headed the bank from 1924 to 1939, when he retired. He was a director of the institution at the time of his death.

William D. Post, Chairman of the Executive Committee of the Central Penn National Bank of Philadelphia, died on Aug. 10 at his summer home at Thousand Island Park, Alexander Bay, N. Y. He was 89.

Mr. Post formerly was President of the old Central National Bank of Philadelphia, which was merged into the Central Penn National Bank in 1930. He began his career with the Central National in 1871 as a clerk and became President in 1917, resigning in 1920 to become Chairman.

According to the Washington "Post" Robert V. Fleming, President and Chairman of the Board of the Riggs National Bank, of Washington, announced on Aug. 12 that due to the resignation of Robert V. Mellefont, Assistant Manager of the Park Road Branch of the bank, to accept the position of Vice President and Cashier of the National Capital Bank, of Washington. Peyton B. Fletcher, Jr., who has been Assistant Manager of the 7th and I Sts. Branch since Dec., 1939, has been transferred to the Park Road Branch as Assistant Manager.

Announcement was made Aug. 13 by M. J. Fleming, President of Federal Reserve Bank of Cleveland that The Rossford Savings Bank, of Rossford, Ohio, had been admitted to membership in the Federal Reserve System. With the admission of this bank approximately 60% of all banks in the State of Ohio, representing 90% of the bank deposits in the State, are member banks. The Rossford Savings Bank was incorporated in 1917 with a paid-in capital of $50,000. Total deposits at the present time are approximately $2,750,000.

George R. Ford, Jr., President of the bank, is now serving with the Navy at the Philadelphia Navy Yard. Prior to his entrance into the Navy he served as Assistant General Superintendent of the Libbey-Owens-Ford Glass Co., of which he also was a Director. He succeeded his father as President of the bank in October of 1938. Edwin C. Bowers, Vice President of the bank, is now Assistant General Superintendent of the glass company's Rossford plant. Henry Werner, Jr., Cashier, Secretary and Director, was elected to his present position in July of 1920. He was formerly associated with The First National Bank of Toledo. C. Donald Kemp, Assistant Cashier, has been with the institution for ten years.

The Directors of the bank in addition to Messrs. Ford, Bowers and Werner, are William H. Burns, Arnold Frautschi, and George P. MacNichol.

The Directors of Westminster Bank Limited, London, have declared an Interim Dividend of 9% for the half year ended June 30, 1943 on the £4 shares, and the maximum dividend of 6¼% on the stock for the same period. The dividends (less income tax) were payable on Aug. 2 to those shareholders and stockholders whose names were registered in the books of the company on June 30.

In its statement of accounts as of June 30, 1943, the Westminister Bank, Ltd., showed total resources of £524,266,212 (as compared with total assets of £490,816,898 on the same date last year), of which the principal items are: investments: £163,949,764 (compared with £153,-153,513); advances to customers, and other accounts, £103,613,831 (against £116,645,433); Treasury deposit receipts, £105,000,000 (compared with £66,000,000); coin, Bank of England notes, and balances with the Bank of England, £49,967,688 (against £50,610,311); bills discounted, £35,415,576 (contrasting with £35,072,749). Current, deposit, and other accounts, are shown at £493,668,648 (comparing with £455,374,641) and liabilities for acceptances, endorsements, etc., as per contra £11,940,-919 (against £16,785,826 a year ago). The bank's paid-up capital and reserve remain the same as a year ago, both at £9,320,157.

Buying New So. Wales 5s

The Chase National Bank of the City of New York is inviting tenders for the sale to it of an amount of State of New South Wales, Australia, external 30-year 5% sinking fund gold bonds due Feb. 1, 1957, sufficient to exhaust the sum of $235,147.42. Tenders will be accepted at prices not exceeding par and accrued interest and will be opened at 12 o'clock noon on Aug. 9, 1943 at the corporate trust department of the bank, 11 Broad Street, New York.

Treasury Urges Care In Handling Of New Form Of Card Checks

The Treasury Department announced on Aug. 13 that in order to facilitate payments to dependents of our armed forces, workers in Navy yards and other industrial plants of the Government, as well as to other claimants and beneficiaries, the Government has extended the use of a comparatively new form of check known as a "tabulating card check."

When delivered to payees, these checks contain punched holes which are essential not only to their prompt issuance but also to their subsequent handling by the Treasurer of the United States when presented for payment.

Since these checks have been adopted in the interest of the payees, as well as in the interest of economy, the Treasury urgently requested all persons receiving or handling the new card checks to avoid punching holes in them, spindling, pinning them together, folding, or creasing.

The Treasury pointed out that the card checks are sorted through automatic electrical accounting machines which are actuated by electrical contacts through the punched holes appearing in the checks. The highly sensitive accounting machines are liable to jam or cause incorrect distribution if even a stray pinpoint is made in the surface of the check. One crease or wrinkle can clog a machine during a lengthy operation and require tedious manual sorting and rechecking.

The announcement also stated:

"The Treasury is particularly concerned over the practice, in many banks and business establishments, of thrusting checks taken in from customers onto steel spindles; and of the habit of many persons of folding checks into wallets or to fit into pockets or purses.

"Card check sorting and tabulating equipment employed at the Federal Reserve Banks and the Office of the Treasurer of the United States, where the checks are paid, process the checks from perforations made at the time of issuing. If a check has been spindled, pinned, or stapled, the tabulating machine registers the hole made by mutilation as well as the properly punched holes, thus introducing an error.

"Folding or creasing thickens the edges and causes clogging, while folding also shortens the check appreciably so as to disturb the alignment of the holes and thus causes the machine to make erroneous recordings.

"It is intended to increase greatly the use of card checks for various classes of disbursements as rapidly as arrangements can be made and equipment procured."

Stimson Back From Tour; Calls Troops Finest

Secretary of War Henry L. Stimson returned to Washington on July 31 from a three-week inspection tour of American troops and establishments in Iceland, Great Britain and North Africa.

The Secretary said that "there are no finer soldiers" and commented on their determined will-to-win.

Mr. Stimson's views were set forth in the following statement issued by the War Department:

"I have just returned from an aerial trip to our military establishment in Iceland, Britain and North Africa. I have had talks with Lieut. Gen. Jacob L. Devers, commander of the European theatre, and General Dwight D. Eisenhower, Commander in Chief in North Africa.

"I have seen our men in training and ready for action and others who have been in action. They are well equipped, well trained men.

"There are no finer soldiers.

"Everywhere there was demonstrated a sober, determined will-to-win, fortified by our successful operations in Sicily and Tunisia, and in the air over Germany and occupied Europe."

An item regarding his trip appeared in our issue of July 22, page 328.

Urges President Roosevelt to Impress Workers With Need Of Accepting 20% Withholding Tax

President Roosevelt was urged on July 27 by the American Business Congress to stress the need of the acceptance by every worker of the deduction of the new 20% withholding tax, thus assuming his share of this tax burden. The action of the Business Congress was prompted by recent publicity given to reports that in some cases employees of small companies are seeking to have the employer assume the tax, on the threat of giving up their jobs—the Association fearing that such publicity would aggravate a new condition, which it is stated, is causing grave concern to small business men throughout the country. In its announcement in the matter the American Business Congress—the small business man's organization—said:

"This new problem can strike the death blow for small businesses employing less than eight and therefore not coming under the wage freeze orders," said a representative of the Congress, an organization of small and intermediate sized businessmen. While the Congress is wholeheartedly in favor of the principle of the withholding tax, some method must be devised to prevent workers from resorting to what might almost be called business blackmail by threatening to quit their jobs unless the employer pays their taxes for them. Many small businessmen are now being forced to disregard the law in the interest of self preservation because of the shortage of labor. The American Business Congress will undoubtedly call upon the Small Business Committees of both House and Senate within the next few days in an attempt to find a means of solving this serious problem which no one foresaw when the tax was enacted."

The request to President Roosevelt that he discuss the matter in his talk to the Nation on July 28 was made by the American Business Congress, in a wire, by President Seedman as follows:

"We respectfully urge that in your talk tonight you emphasize that employees demanding or allowing employers to pay 20% withholding tax without deducting from salary are defeating attempts to avoid inflation as well as breaking the law by accepting salary increases. Thousands of small businessmen are suffering in silence as they must either pay this tax for their employees quietly and illegally or lose their irreplaceable workers who refuse to have it deducted from salary. In doing this they automatically give illegal salary increases and defraud Government of full tax since they pay on employees base salary which is lower than base salary including tax. Unless Government gives wide publicity to this recently developed condition so that every worker fully understands complete object and meaning of the deduction, small business will be further endangered since it cannot survive a general 20% salary increase which, because it is paid surreptitiously, cannot even be deducted as a business expense. Big business is not affected as its employees are frozen. The only alternative will be to freeze every worker in every job and refuse certification for job change if requested because of lawful tax deductions. This is a most serious problem and we cannot too strongly urge your full cooperation in giving it wide publicity tonight."

GEORGE J. SEEDMAN,
National President, American Business Congress.

Johnson To Direct N. Y. War Loan Division

Walter H. Johnson, Vice President of the Marine Midland Trust Co., New York City, has been appointed Director of the Community Sales Division for the Third War Loan, it was announced Aug. 12 by W. Randolph Burgess, Chairman of the War Finance Committee for New York State.

The Community Sales Division will organize and coordinate the work of 30,000 volunteers, many of them already enlisted in insurance companies, sales staffs of retail stores, women's organizations, churches and fraternal societies, Negro groups and those of foreign origin.

In the foreign-born field, represented by 24 nationalities, 5,000 volunteer salesmen for Uncle Sam are being recruited to carry the message of the Third War Loan—"Back the Attack"—into every home in the native tongue of prospective investors.

The campaign, starting Sept. 9, is the third war loan drive in which Mr. Johnson has volunteered his services.

"The point I wish to stress is the closeness to home and community in this appeal," he said. "An average of 20 to 40 boys from every block in New York City is serving in the armed forces now. Their neighbors must see that they get the guns and ammunition to carry on to victory.

"Although this is a national appeal, I see it as a neighbor's responsibility to the lads in his own block who are risking their lives for us at home."

Urges OPA Abandon Food Price Fixing

Abandonment of food price fixing was called for on July 26 by C. Chester Du Mond, New York State Agriculture Commissioner. In an address at a meeting of the Oneida-Herkimer County members of the Dairymen's League Co-operative Association, at New Hartford, N. Y., Mr. Du Mond declared that "the future of farming and the future of the nation as a democracy is entirely dependent upon the removal of controls and restrictions to production that have been placed upon us as farmers."

In Associated Press accounts from New Hartford it was also stated:

The Commissioner contended that OPA price-fixing programs and policies "have thrown a monkey-wrench in the machinery of food production and distribution over the entire country and particularly in our own New York State. The fact is that no Federal program of price-fixing, when applied as a pattern over the entire country could be effective when we take into account marketing and distribution problems as found around local marketing areas in this State."

He said local producers, processors and distributors, "in intimate contact with those who consume their product," are the only ones qualified to set price-ceilings, and "I question whether even they could improvise ceilings which would work in actual practice."